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Ottawa conference gathered before Monday meetings. From left, Japanese Premier Zenko Suzuki, West German Chancellor Helmut Schmidt, Canadian Prime Minister Pierre Trudeau, President Reagan and French President Francois Mitterrand.

U.S. Assures Summit of Decrease in Rates

By Lou Cannon and Hobart Rowen
Washington Post Service

OTTAWA — Under a direct challenge from Western European nations on continuing high levels of U.S. interest rates, President Reagan and his top aides gave a "reasonable assurance" at an economic summit meeting — which officials opened here Monday — that the rates will drop before the end of this year.

But increased tension resulting from new Israeli-Palestinian attacks and the danger of a new war in the region occupied the summit leaders. Mr. Reagan conveyed his "strong feelings," urging a prompt cease-fire to Israeli Prime Minister Menachem Begin, according to a top White House aide Monday.

Calling a cease-fire "an overriding objective," U.S. national security adviser Richard V. Allen expressed hope that U.S. troubleshooter Philip C. Habib could arrange a cease-fire. While Mr. Allen spoke in Ottawa, Israeli commandos and planes attacked Palestinian positions in southern Lebanon.

leader Yasser Arafat said an "Israeli-Palestinian war" was under way.

Mr. Reagan neared a decision on whether to resume U.S. shipments of F-16 fighter-bombers to Israel amid signs the new fighting could delay their delivery. Mr. Allen insisted, however, that the president's decision would not be linked to the new Israeli-Palestinian confrontations.

[United Press International reported Monday from Ottawa that White House counselor Edwin Meese 3d said: "It is more likely that the suspension will be continued and applied to another set of planes," apparently due to future delivery.]

The U.S. statement on interest rates, made by Treasury Secretary Donald T. Regan in a television interview Monday morning, was the first indication by an administration official of any time frame in which the Reagan administration recovery plan would have an impact on U.S. interest rates.

"Further, the president told the Ottawa conference that he hoped interest rates would drop soon, 'perhaps before the end of this year,'

according to presidential counselor Edwin Meese 3d. The president said he is "determined to go through" with his anti-inflation policies in the hope that interest rates would drop, Mr. Meese said.

The comments were viewed with disapproval by some White House aides because the administration had been trying to avoid any kind of timetable on progress in its economic program. The revelations also reflected the kind of pressure the president and his advisers have been under from the United States' major trading partners.

French President Francois Mitterrand warned the summit Monday that the Reagan economic policy was pushing Europe to a "flash point" that could explode in widespread social unrest. He said Europe's battered economies could not weather the damaging effect of high U.S. interest rates much longer.

West German Chancellor Helmut Schmidt had also said Sunday that the continued high U.S. rates were causing "suffering" in other countries of the world.

Mr. Meese said after Monday morning's session that the U.S. policy was largely supported by British Prime Minister Margaret Thatcher, Italian Premier Giovanni Spadolini and European Commission President Gaston Thorn.

Mr. Reagan, anticipating a chorus of European complaints about interest rates, tried to mollify the concern by blaming the high rates on his predecessor, Jimmy Carter, and saying it was not deliberate U.S. policy to continue them.

At the same time, U.S. Secretary of State Alexander M. Haig Jr. took a tough line on Western trade with the Soviet Union, an issue that promises to be one of the most divisive items of discussion at the summit.

"In Context of Events"

But overshadowing these issues was the perceived danger of a wider Middle East war stemming from the attacks by Israelis and Palestinians in recent days. The U.S. administration is grappling with the decision on whether to permit resumption of shipments of F-16 jet fighters to Israel. Six F-16s

Israel Continues to Pound Guerrilla Bases in Lebanon

By David B. Ottaway
Washington Post Service

BEIRUT — Israel launched ground, air and sea attacks on southern Lebanon Monday, continuing for the 11th consecutive day its assault on Palestinian strongholds there in defiance of a U.S. effort to arrange a cease-fire in the worst surge of fighting here in three years.

The first Israeli attack of the day came shortly after midnight when helicopter-borne commandos stormed a guerrilla stronghold on the Zaharani River, about 27 miles south of Beirut, under the cover of fire from Israeli gunboats.

The Palestinian news agency Wafa said the assault on the stronghold was repelled, as was an Israeli attempt to land commandos by sea. The agency said that one Israeli gunboat was set on fire. But the Israeli military command denied there was any such effort to put commandos ashore.

ry out its announced promise to escalate its war against the Palestinian guerrillas based in southern Lebanon.

Monday's strikes came after heavy Israeli air attacks Sunday on Palestinian targets in southern Lebanon and a visit by special U.S. envoy Philip C. Habib to Prime Minister Menachem Begin.

Mr. Habib, noting Israel's bombing of Beirut Friday, which Lebanon said killed 300 persons and wounded 800, urged a halt to the air raids. Mr. Begin said the raids were needed to stop Palestinian rocket attacks from southern Lebanon.

One of the Israelis' prime targets is believed to be the heavily fortified 12th-century Beaufort Castle, which sits atop a bluff overlooking the Litani River in south central Lebanon and serves as a main launching point for the guerrilla

rocks presently hitting villages all across northern Israel.

Israeli planes carried out bombing raids against the majestic castle Monday and hit guerrilla strongpoints around nearby Nbsaiyet. They also returned to bomb guerrilla bases again in the Zaharani estuary, where a refinery, providing one-third of Lebanon's gasoline, is also located and now out of operation.

Refinery Blasted

Reporters visiting the area Monday were surprised at the extent of the damage. Israeli bombs not only had destroyed a key bridge across the Zaharani but also a number of buildings and installations around the 30-year-old refinery. Nearly a dozen oil-delivery trucks also had been gutted.

The entire country from Beirut south is now in the grips of an

acute gasoline shortage and there are long lines at every station that is still open.

Despite the Israeli destruction of several key bridges and attempts to cut the road by bombings, the main coastal highway remains open all the way from the capital to Tyre. The Lebanese and Palestinians have quickly built by-passes and have repaired the roadway to enable cars and trucks to continue using it.

There was little sign of Palestinian guerrillas anywhere along the highway Monday. Reporters encountered not a single roadblock until they approached the Litani River just north of Tyre. There, guerrillas were halting all traffic because Israeli planes were shelling a badly damaged bridge across the Litani as well as a makeshift bypass.

Kania Calls on Poles To Work With Party

Warsaw — Communist Party leader Stanislaw Kania appealed Monday to Poles to end tensions and work with the authorities to overcome the nation's crisis.

"We must put an end to all activity forcing the party and government into confrontation," Mr. Kania said at the close of a seven-day emergency party congress. "To the nation we declare the need for a great alliance of common sense," he added.

Mr. Kania's speech marked the official end of the congress, which radically changed Poland's leadership and left a team of largely unknown political figures with the task of overcoming its economic problems and labor unrest.

Reforms Confirmed

The party chief said the party meeting had confirmed the present course of seeking peaceful solutions to conflicts and continuing the process of reform.

But he said the policy could only work if the authorities were given the chance to implement their plans. A continuation of strikes and industrial tension would ultimately threaten the future of the nation, Mr. Kania added.

Shortly before he spoke, a majority of congress delegates approved a strongly worded appeal to the nation. It said that time was running out for the solution of Poland's problems and urged a new era of cooperation.

"The homeland is in need. Our country is suffering a deep economic and political crisis. The secure existence of the nation and the future of the state are threatened. Let us avert the threat hanging over Poland with our joint efforts," the appeal said.

The appeal said that Poles should not blame Communism for the present state of the country. It blamed previous leaders of the party who it said had betrayed their ideals, and said that the party congress had got rid of them and now wanted to see them severely punished under the law.

Edward Giersek, who was ousted as party leader last year after 10 years in power, was stripped of his membership by the congress Wednesday along with six of his associates.

The congress also approved a draft of a new set of party statutes giving the rank-and-file extensive control and influence over the activities of the leadership, a reform unprecedented in Eastern Europe.

Under the new rules, which still have to be approved by a special party conference, the Politburo would be accountable to the Central Committee and be required to

present periodical reports on its work.

The new rules would also limit top party officials to a maximum of two terms of office and underline the freedom of criticism and discussion within the party.

One of the more liberal statute proposals thrown out by the congress was that the party should recognize "ideological pluralism" and allow non-Communists into its ranks. The form that was finally approved states that only those who accept its program are admitted.

Mr. Kania said the new rules meant that ordinary members of the party would always have direct influence on its policies and be able to "safeguard against the leaders cutting themselves off from the masses."

He urged the delegates to immediately begin trying to improve the economic and political situation in their own districts, without waiting for directions from Warsaw.

"Otherwise history will call us the people who talked Poland to death," he said.

End to Attacks

Earlier Monday, a party official warned that attacks from hard-line critics had to stop.

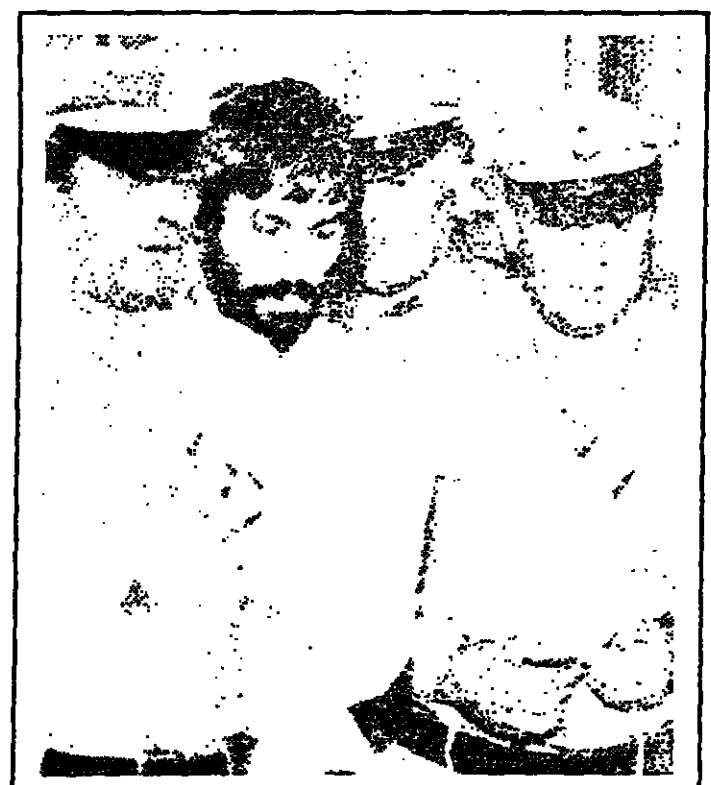
"Enough of all these forums, regional and otherwise," said Hieronim Kubiak, a new Central Committee secretary. "There is one party. It will have after this congress one program and one leadership," he said to heavy applause. "We will oppose everybody who forgets about this." Some of the most severe criticism of the party's reforms has come from a pro-Moscow group known as the Katowice forum.

Speaking Sunday, Premier Wojciech Jaruzelski promised firm action if labor unrest continues, but the independent Solidarity labor federation proceeded with plans for dock and airline strikes this week.

Gen. Jaruzelski told the congress, "There is no greater danger than anarchy... We cannot permit this."

Despite the premier's warning, a spokesman for the 45,000 dockworkers in the Baltic ports said their decision to strike Thursday for higher pay and improved working conditions "remains unchanged." But he added: "There's Monday and Tuesday, and if the government is willing to talk, we are ready."

Employees of LOT, the national airline, have called a strike Friday because the government refuses to accept their nominee for director of the airline.



PAPAL SHOOTING TRIAL OPENS — Surrounded by police, Melmet Ali Agca entered a courtroom in Rome where he went on trial for the shooting of Pope John Paul II. Mr. Agca challenged Italy's right to try him for a Vatican City offense, but he admitted shooting the pope. Page 2.

White House Weighs Military Spending Cut

By Robert G. Kaiser
Washington Post Service

WASHINGTON — The White House has quietly negotiated a 5 percent cut in spending for each of the military services next year — cuts that would be recommended only if budgetary conditions warrant.

This move, reported by a high

billions next year if they were to be sought and then approved by Congress.

The Reagan administration has said nothing in public about retaining defense spending; its rhetoric all leans in the opposite direction. But behind the public facade of unanimous support for a huge defense buildup, the administration is increasingly divided.

"Three or four months ago," an administration official said, "there was a feeling around here that we could afford the luxury of not scrutinizing defense as closely as we looked at other kinds of spending. That feeling is no longer operative."

Moreover, it is understood at the White House, according to a senior official, that if the administration's economic projections for 1983 and 1984 prove to be optimistic, defense spending will have to be cut to help meet the politically important target of a balanced budget in 1984.

If this is understood at the White House, however, it is not understood in the Pentagon or on Capitol Hill, where plans for a steady expansion of defense spending at a rate of at least 7 percent a year after inflation are now taken for granted. In fact, the Pen-

Nicaragua Announces Seizure Of Businesses, Unused Land

United Press International

MANAGUA — Nicaraguan junta leader Daniel Ortega has announced a major confiscation of land and businesses in a speech in which he also attacked the Reagan administration's "aggressive, dangerous" policy toward the leftist Central American nation.

Mr. Ortega spoke Sunday to an estimated half million people in Managua's Plaza 19 de Julio to celebrate the second anniversary of the ouster of the Anastasio Somoza family dynasty.

A former guerrilla commander who now leads the Junta of National Reconstruction, Mr. Ortega said Nicaragua is "seriously worried" about the United States, "a country that has invaded, has bloodied our territory."

He accused the Reagan administration of adopting "an aggressive, dangerous policy against our revolution."

Mr. Ortega cut off multimillion-dollar loan and grain sale packages to Nicaragua earlier this year. A charter the Sandinistas were shipping Soviet-bloc arms to leftist guerrillas fighting the U.S.-backed junta in nearby El Salvador.

"In total, the United States has

cut off \$81.1 million in aid to a country to which it owes much," Mr. Ortega said.

To chants of "popular power, popular power," Mr. Ortega announced the confiscation of 14 major Nicaraguan businesses, including a milk-processing plant, a soap factory and two large business complexes.

Another measure confiscates all abandoned or underutilized plots of land of 862 acres or more in nine Nicaraguan provinces and plots of more than 1,624 acres in four other provinces.

The decree also said the land or property of any farmer or businessman who leaves the country for more than six months "will be considered property of the people." He said the measure was retroactive, meaning that the property of supporters of the Somoza government who fled Nicaragua following the 1979 revolution would be seized.

Mr. Ortega said that the land confiscation measures would be presented for final approval to the State Council, where passage is certain, along with another law to seize the property of anyone con-

tributed by a jury of counterrevolutionary activities.

Sugar distribution and sale and the exportation of processed coffee, rum, cotton seed oil and wheat also have been nationalized to combat the flight of Nicaraguan capital out of the country, Mr. Ortega said.

Planning Ministry officials said the government already had nationalized 107 businesses and 2,073 acres of land — about 15 percent of Nicaragua's choicest farmland, once owned by Gen. Somoza, his relatives and friends.

"Our internal situation is more complex and more difficult because of economic and political actions by 'opponents of the revolution,'" said Mr. Ortega.

Festivities marking the July 19, 1979, fall of Gen. Anastasio Somoza, the last leader of a 45-year family dynasty, began with street demonstrations at dawn by tens of thousands of people thronged in by the government.

The day also commemorated the 20th anniversary of the founding of the Sandinista National Liberation Front, a guerrilla organization forged by militants who opposed the Somoza regime.

Arafat Vows to Keep Fighting As Arab Nations Rally to PLO

By John Kifer
New York Times Service

BEIRUT — Yasser Arafat, the Palestinian guerrilla leader, vowed Monday to fight back against the "barbarian, unhumanitarian war" he said had been launched by Israel, as Arab nations rallied to the PLO.

"We have nothing to lose," Mr. Arafat told reporters in a heavily guarded basement only two blocks from the densely populated area of west Beirut devastated Friday by an Israeli bombing raid.

Saudi Arabia announced Monday that it would pay \$20 million to the PLO and an additional \$20 million to Lebanon to help cover the damage caused by the Israeli air attacks.

Libya, which has provided the guerrillas and Lebanese leftists with considerable quantities of sophisticated heavy weapons in recent months, also announced that it would replace any weapons that were destroyed in the raids.

Compensation Offered

The official Libyan news agency reported from Tripoli that Libya had offered to compensate the Palestinians and their Lebanese allies for losses suffered as a result of the Israeli raids. Qatar and the United Arab Emirates promised medical aid, and Bahrain donated \$100,000 to the Palestinians, the PLO reported.

Newspaper editorials and government officials throughout the Arab world denounced the Israeli attacks. Most linked the increase in military action to the United States, and a number of them, including Libyan leader Col. Muammar Qaddafi, called for cutting back on oil exports to the United States.

Abi Shaer, the Saudi Arabian ambassador, met with Lebanese President Elias Sarkis and said afterward that his country was urging the United States to pressure Israel to stop the raids.

Saudi Arabia is doing all it can to put pressure on the United States to restrain Israel and to stop the air raids on the south of Lebanon," said Mr. Shaer, who has sought to ease the tension in Lebanon between Syrian troops and rightist Christian militiamen.

U.S. Blamed

Mr. Arafat, chairman of the PLO, put much of the blame on the United States, saying the attacks "had an American green light."

Citing a statement by President Reagan's national security adviser, Richard V. Allen, that Israel had a right to "hot pursuit" of Palestinian guerrillas, Mr. Arafat made several references to Israeli Prime Minister Menachem Begin and "his master in the White House."

Mr. Arafat said he had sent two memoranda on Friday's attack to UN Secretary-General Kurt Waldheim, bearing the message that "patience has its limits."

Mr. Arafat referred to the Israeli prime minister as a "terrorist," who, he said, still was carried on Interpol records as being wanted by the British police.

"We are not against anybody," Mr. Arafat said. "We want to live in peace in our independent state."

Mr. Arafat made his brief, animated statement to reporters after meeting with Gen. William Callaghan, who commands the UN peacekeeping forces in the buffer zone set up after the 1978 Israeli invasion of southern Lebanon.

Arab Meeting Reported

TUNIS (Reuters) — Arab defense and foreign ministers were preparing to meet here Thursday to discuss the Israeli raids on Lebanon, Arab League sources said Monday.

The ministers reportedly were responding to Mr. Arafat's telegram of last Friday in which he told Arab leaders he need your swords and not your blessings."

INSIDE Indexing Taxes

The U.S. Senate has taken a step into the unknown by voting to index, or adjust for inflation, personal income taxes beginning in 1985. Past efforts have not turned out as hoped. Page 3.

INSIDE Hollywood 'War'

In California, a special task force of more than 50 policemen is trying to keep order on the historic Hollywood Strip, which has become something of a war zone in the last six months. Page 5.

TOMORROW The Gulf Six

Six nations around the Gulf have now committed themselves to formal cooperation. A supplement on the six — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates — will appear in Wednesday's IHT.

Agca Admits Shooting of Pope, Objects to Trial by Italian Court

ROME — Mehmet Ali Agca, a self-proclaimed international terrorist, admitted Monday he shot Pope John Paul II, but challenged the right of an Italian court to try him. He also claimed without offering further evidence that he had been tortured by his Italian jailers.

Shouting in Turkish on the opening day of his trial, the 23-year-old defendant said, "On May 13, I was inside the Vatican when I shot the pope... I don't agree to be tried by an Italian court."

"With the first shot I wanted to hit the pope," he said. "The second shot went off because of panic. I was sure I would be lynched by the crowd and I even thought of killing myself." His shooting spree also wounded two American women in St. Peter's Square.

He said he would refuse to answer any questions to him by an Italian court. "For me, the trial is over," he said, bringing laughter

from about 100 reporters and cameramen jammed into the courtroom at the Palace of Justice. As provided by the 1929 Lateran pacts between Italy and the Holy See, serious crimes committed in the Vatican are tried by Italian courts.

'Inhuman Conditions'

Mr. Agca shouted his claims of torture from a bulletproof glass booth inside the courtroom. "I have lived for 60 days in inhuman conditions," he read in a statement. "I don't know if I am in a medieval jail or a jail of a democratic country."

Neither Mr. Agca's five-minute statement nor transcripts of the interrogations shed any new light on his motives for the attack or gave hard evidence of an international conspiracy. "I am an international terrorist," he said in one of the transcripts. "I've been helped by Bulgarian, Iranian and English ter-

rorists, but I've never been used by anyone."

Mr. Agca appeared pale but in good health. He stood impassively as scores of photographers snapped photos and yelled out his name, scuffling with courtroom guards who tried to push them back. There are 200 journalists covering the trial.

Mr. Agca's fate is in the hands of a jury of two women and four men. Both the prosecution and defense have predicted he will be sentenced to life imprisonment. His court-appointed lawyer, Pietro D'Ovidio, said he does not plan to plead insanity because there is no evidence to support such a plea. State prosecutor Nicolò Amato said he would call about 30 witnesses, most of whom were in the square during the shooting.

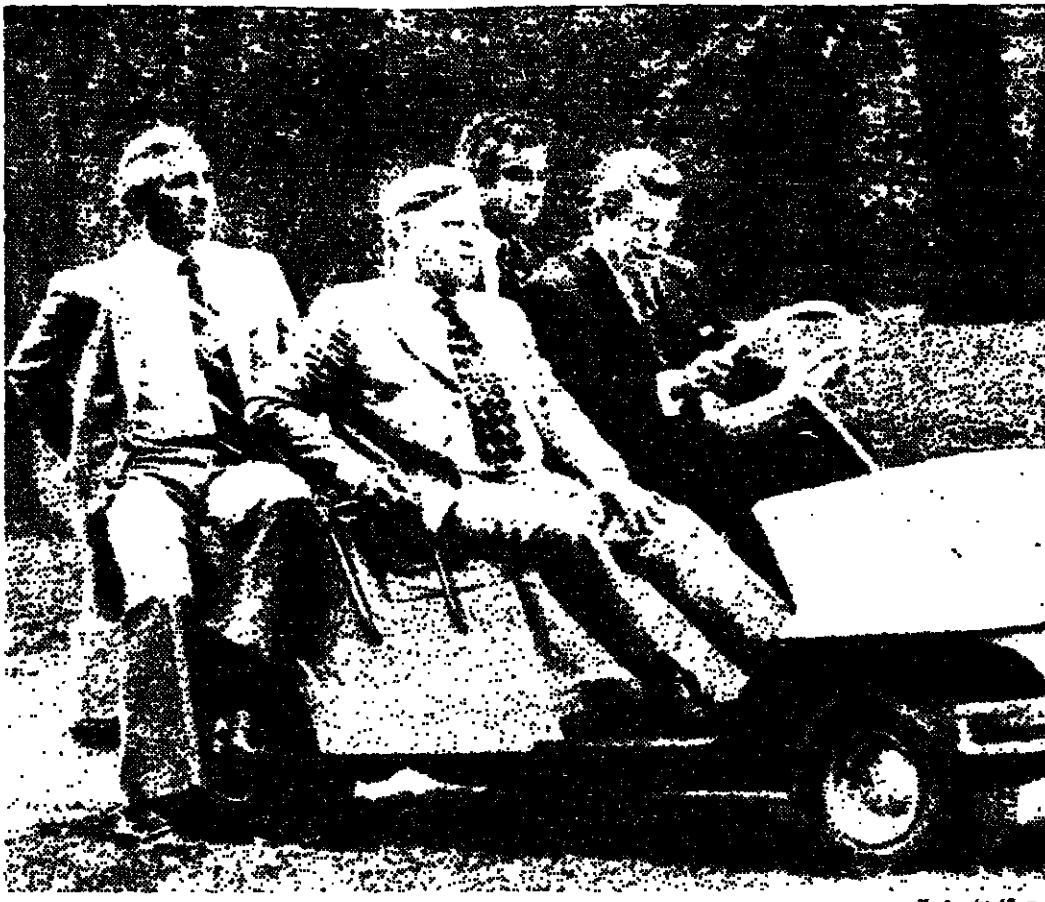
Pope Will Not Appear

The ailing pope has neither been asked to appear as a witness nor to give a deposition. He is hospitalized with a virus that may have been contracted from the blood transfusions given him after the shooting. Ann Odre, 58, of Buffalo, N.Y., who was wounded in the attack, refused to return to Italy to testify. There was no word whether the other injured woman, Rose Hall, 21, would testify. She is now living in West Germany.

The trial is expected to last less than a week. If it is not finished by Aug. 1, it will be recessed until September while the court takes a monthlong summer break.

Described by police as a cool, self-disciplined gunman who had ties to rightist groups in Turkey, Mr. Agca insists he acted alone in the May 13 attack. Prosecutors say they have no evidence of a conspiracy, but police are convinced someone helped him by financing travels around Europe and North Africa after he escaped from a Turkish jail in 1979.

He has given conflicting stories about the motive and money behind the attack. "Ideology doesn't interest me," the Italian police said. Mr. Agca told them "It is an act that fascinates me. I wanted to do something grandiose for the good of humanity."



President Reagan took West German Chancellor Helmut Schmidt and two security agents for a ride in a golf cart at the Ottawa economic conference. The summit officially opened Monday.

Salvador Business Leaders Campaign to Change Junta

By Raymond Bonner
New York Times Service

SAN SALVADOR — A group of conservative Salvadoran business leaders, encouraged by what they say are clear signs of support from the Reagan administration, have intensified a long-running campaign to change the makeup of the government of President José Napoleón Duarte.

The business leaders say they want the right to name at least one additional member of the ruling junta and several Cabinet ministers. The civilian-military junta headed by Mr. Duarte, leader of the Christian Democrats, is made up of another Christian Democrat, an army colonel and a political independent.

The businessmen, who include corporate executives, hotel and resort owners and the president of El Salvador's Chamber of Commerce, said the clearest signal for their effort had come in a speech in Washington last week by the assistant secretary of state for inter-American affairs, Thomas O. Enders.

"The United States is no longer giving unconditional support to Duarte," Juan Vicente Maldonado, a resort developer, said Saturday. Mr. Maldonado is a leader in the Productive Alliance, which he described as an umbrella group of executives, professionals, and middle- and large-scale entrepreneurs.

Mr. Duarte, in an interview earlier this month, said the biggest threat to his government came not from revolutionary forces on the left but from rightist businessmen who "want to take away all the economic reforms" for their own financial gain. He was sharply criticized by the Productive Alliance and several other business groups after the interview was reprinted recently in a local newspaper.

Certain Elements

On Saturday, Mr. Duarte emphasized that, in his earlier remarks, he was not referring to all conservative businessmen in El Salvador, but only to certain elements within the business sector.

Mr. Enders, in a speech last Thursday that State Department officials characterized as a clarification of the administration policy toward the conflict in El Salvador, emphasized the administration's view that "only a genuinely pluralistic approach can enable a profoundly divided society to live with itself without violent convulsions, gradually overcoming its differences."

Mr. Maldonado and other business leaders said they were convinced that U.S. support for Mr. Duarte would be conditioned on his adopting a more conservative economic policy and accepting a businessman on the junta. Since the overthrow of a military dictator in October, 1979, a succession of civilian-military juntas has taken control of the banks, nationalized exports of coffee, cotton and sugar and begun a land-distribution plan.

Mr. Maldonado said that his group wanted to play a positive role in developing a "free market economy" modeled after the principles espoused by the conservative U.S. economist Milton Friedman.

The president of the country's Chamber of Commerce, Conrado Lillope Andreu, said he and other businessmen had also received encouragement for their drive to join the government from recent discussions with U.S. Ambassador Deane R. Hinton.

"Under no circumstances has [Hinton] rejected what we're trying to do," Mr. Maldonado said. "He has said it's logical, positive, that we'd like to see something of that nature."

Asked about the U.S. position on changes in the junta, Mr. Hinton described the U.S. participation in the negotiations as "not inactive," but he declined to give any details. "These are big negotiations. Delicate," he said. "All kinds of things are going on. It can't be negotiated in the press."

Mr. Duarte denied Saturday that there were any negotiations that might lead to a change in the junta.

A Cabinet minister who asked not to be identified said the government was talking with businessmen but not to the conservatives represented by Mr. Maldonado and Mr. Lopez. "If one of their members isn't on the junta, they're going to be angry as hell," he added.

A senior government official said that the conservative businessmen wanted to be part of the government only to be an "obstacle, to block what we're trying to do."

Last year, the government expropriated more than 250 of the country's largest farms and converted them to peasant-owned cooperatives. It also became owner of 51 percent of the stock of all banks.

Humor Magazine Seized in Turkey

ISTANBUL — Military authorities have ordered the confiscation of *Girgin*, a weekly Turkish humor magazine, for allegedly insulting Turkey's national flag in an official of the magazine said Monday.

The official, who asked not to be named, said the ban ordered Sunday apparently applied to distribution only in the Istanbul province. It was not known whether other provinces would also confiscate the magazine, whose name is a Turkish slang word for light humor.

The front-page cartoon of the 16-page magazine's latest issue criticized a Turkish singer who has appeared repeatedly on Turkish television, and in a red dress emblazoned with the star and crescent. The cartoon depicts a salesman with a bucket of Turkish flags with the star and crescent, insisting he be allowed to go on state-run television.

The latest twist in a months-old policy disagreement occurred two weeks ago when Mr. Brock told reporters that a list of proposed meetings had been dispatched to the Russians. What he apparently did not know was that his message had not been sent. Administration sources said it was pigeonholed by the State Department, which wanted to control the talks.

But Mr. Brock, in a television interview Sunday, disclosed that the administration had settled on Mr. Brock as chief negotiator. He said he continues to hope that talks can begin this month at a neutral site suitable to both sides.

The current five-year agreement allowing the Soviet Union access to U.S. grain will expire Sept. 1. Its extension was complicated by former President Jimmy Carter's partial embargo on grain shipments in January, 1980, after the Soviet intervention in Afghanistan.

The next move is up to Moscow. Mr. Brock said Sunday that he believes that the Soviet Union wants to renegotiate its assured access to U.S. grain. U.S. and Soviet representatives met in London last month to discuss possible sales under the current agreement.

U.S. Assures Summit on Interest Rates

(Continued from Page 1)

have been scheduled for shipment Tuesday.

Mr. Haig raised the possibility Sunday of a further delay if the intense fighting between Israel and the Palestine Liberation Organization continues, saying the F-16 shipments, while not directly linked with the fighting, are "broadly interrelated in the context of events."

But Mr. Allen insisted "there is no linkage at all" between the cease-fire and the shipment of the F-16 jets.

In Jerusalem, senior aides to Mr. Begin said Monday night that Israel would not be surprised if release of the F-16s was linked by the Reagan administration to a cease-fire.

"We understand that Washington can't do anything but that. We understand their embarrassment," a Begin aide said. "But I don't think this is an embargo on Israel. If the jets are held for a while, Israel won't be so endangered."

"We know that the United States is not selling us airplanes

only for use for parades on independence day... They sell them because of the common strategic interest between our two countries. I believe the planes will be delivered."

Mr. Reagan, speaking of a Mideast cease-fire at the start of a breakfast meeting with Mrs. Thatcher, told reporters, "Our goal is that we can persuade [the Israelis to accept] a cease-fire and to de-escalate the violence."

Nevertheless, the mood in the Reagan camp has been quite gloomy at the start of the summit. The U.S. delegation is spending much time here on the possibility of a widened war in the Mideast at a time when it should be focusing on the economic summit issues.

Interviewed on television Monday, Treasury Secretary Regan said of interest rates: "I think we can give reasonable assurance that by the end of the year our rates will be lower than they are now." He said he did not want to be pinned down on an exact figure, but predicted that the rates would be "several points" lower.

The high rates have been attracting money from investors in Western Europe seeking a higher return, draining investment capital from those countries, and the inflation has led to higher interest rates in the industrial democracies, aggravating an economic slump.

Both the economy and the East-West trade issue were raised directly with Mr. Reagan in consecutive face-to-face sessions with Mr. Schmidt and Mr. Mitterrand Sunday afternoon. The two European leaders expressed concern about the impact of high interest rates, and Mr. Mitterrand said he hoped they would moderate by the end of the year.

The summit conferees dined together privately Sunday night. Attending the dinner were Mr. Reagan; Premier Zenko Suzuki of Japan; Mrs. Thatcher; Mr. Schmidt; Mr. Mitterrand; Premier Spadolini of Italy; Mr. Thorn, and the summit's host, Prime Minister Pierre Elliott Trudeau of Canada.

SWAPO Said to Raid South African Base

LISBON — The Angolan news agency Angop said Monday that SWAPO nationalist guerrillas have destroyed a major South African military base in South-West Africa (Namibia), killing and wounding more than 100 South African soldiers. The claim could not be independently confirmed.

Angop, quoting a statement by the South-West Africa People's Organization issued Sunday in Luanda, Angola, said that SWAPO forces attacked the military base at Ruacana last Thursday. The statement described Ruacana as a joint air force and infantry base and a communications center.

U.S. Trade Envoy Brock To Negotiate Grain Sale

By John M. Goshko and Ward Sinclair
Washington Post Service

WASHINGTON — The White House, moving to end a snarl of bureaucratic infighting, has chosen trade representative William E. Brock to head U.S. negotiations on renewal of an agreement to sell millions of tons of grain to the Soviet Union.

A rivalry between Mr. Brock, Agriculture Secretary John R. Block and Secretary of State Alexander M. Haig Jr. over delegation leadership had delayed by several weeks Mr. Brock's push to begin talks with the Russians late this month.

The latest twist in a months-old policy disagreement occurred two weeks ago when Mr. Brock told reporters that a list of proposed meetings had been dispatched to the Russians. What he apparently did not know was that his message had not been sent. Administration sources said it was pigeonholed by the State Department, which wanted to control the talks.

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The next move is up to Moscow. Mr. Brock said Sunday that he believes that the Soviet Union wants to renegotiate its assured access to U.S. grain. U.S. and Soviet representatives met in London last month to discuss possible sales under the current agreement.

Despite his criticism of the embargo as a candidate, President Reagan did not end the sales ban until April, after several months of jockeying between Mr. Brock, who wanted it lifted immediately, and Mr. Haig, who favored a harder line.

Echoes of that dispute showed up as Mr. Brock's proposal to the Soviet Union was waylaid. Administration sources said there was a consensus at the State Department that the United States was not yet fully prepared to go to the bargaining table and wanted to sound out attitudes among principal U.S. allies at the Ottawa economic summit this week.

Further Delays Feared

Mr. Brock, under pressure from farmers impatient to sell their burgeoning grain crop, has insisted for weeks that the United States should move quickly to meet with the Russians, who, facing increasing problems with their 1981 harvest, have made large grain purchases on the world market during the past month.

Farm state legislators and farmer groups have feared that further delays in meeting with the Soviet negotiators could leave the Americans in a position of offering grain that the Russians may not need in the near term and raise new doubts about U.S. reliability as a supply source.

However, the administration also has made a tough line toward the Soviet Union the centerpiece of its foreign policy, emphasizing a link between improved relations and access to U.S. markets with Soviet adherence to what Mr. Haig has called "an internationally accepted code of conduct."

Mr. Brock has opposed such linkage with farm exports and, in an interview last week, reiterated his view that any U.S. attempt to connect Soviet behavior to the grain negotiations "would be a disastrous consideration."

Wife Shot Aide To Thorn, Police In Brussels Say

BRUSSELS — An investigation into the death of Fernand Spaak has shown that the senior aide of European Commission President Gaston Thorn was shot by his estranged wife, who then committed suicide by electrocution, police said Monday.

A police spokesman said that Mr. Spaak, 57, was shot Saturday morning with a hunting rifle, in the bathroom of his Brussels home. He was the son of Paul-Henri Spaak, the late Belgian premier and foreign affairs minister.

Mrs. Spaak, who was separated from her husband, put the weapon back into its case and then electrocuted herself by putting a plugged-in iron into a bathtub of water while sitting in it, the spokesman said.

Mr. Spaak was to have left Saturday with Mr. Thorn to attend the Ottawa economic summit meeting. The bodies of Mr. Spaak and his wife were found Saturday afternoon by a member of the family.

"We have no reason to doubt that Fernand Spaak was shot by his wife... and that the latter then committed suicide," the police spokesman said.

Fighting on Honduras Border

SAN SALVADOR (UPI) — Two heavily armed Salvadoran Army battalions attacked leftist guerrillas Sunday in a pincer operation on both sides of the Honduran border, civilian and military sources said.

A member of an international relief team aiding refugees at La Virtud camp in Honduras said the shooting was so intense that relief workers would not leave their camp, about 2.5 miles inside Honduras, to search for the injured or count the dead. Military sources also confirmed the fighting in the region.

East-West Clash in Madrid Dims Hope for Agreement

MADRID — East and West split sharply over security proposals Monday at the 35-nation Conference on Security and Cooperation in Europe, and Norway's chief delegate described the situation as "at a critical point."

The U.S. delegation chief, Max M. Kampelman, stopped short of saying the meeting that began Nov. 11 was at a dead halt. But he called a Soviet proposal on security and confidence building measures "unrealistic and unworkable" and said it was offered no basis for negotiation.

The head of the Soviet delegation, Leonid Ilyichev, told newsmen there were "sharp divergencies" and said the West was guilty of violating the reciprocity and balance of the 1975 Helsinki agreements that the conference is reviewing.

'Critical Point'

Ambassador Lev Mevik of Norway said he viewed the new conflict as putting the conference "at a critical point, not the lowest point exactly, but a critical point." The new East-West confrontation swept aside optimism last week on both sides that the meeting could reach final agreement and end by July 31.

British delegate John Wilberforce said agreement was still technically possible, but he said Western delegates were now considering adjournment until autumn unless agreement was reached in the next two weeks.

Mr. Wilberforce described East European delegations as being "on a hook, because they want success here rather than failure, and because it would be a setback to their peace offensive. We are not going to let them off the hook."

The disagreement came over security surveillance measures. The Russians said they would accept verifiable surveillance of security in Europe to the Soviet Union Mountains in return for equal distance of sea and air space for non-European members of the security conference, meaning the United States and Canada.

Mr. Kampelman said this could mean surveillance across the Atlantic as far as Philadelphia. He added: "Depending on how you read the Soviet proposal, it could extend to Kansas."

4 U.S. Marines Killed

NORFOLK, Va. — Four Marine reservists from Pennsylvania were killed in a helicopter crash Sunday aboard the amphibious helicopter ship Guam, the Navy reported.

WORLD NEWS BRIEFS

Chinese Mobilized to Reinforce Flood Dikes

PEKING — Thousands of Chinese stood guard along the swollen Yangtze River Monday, ready to reinforce dikes after the worst floods for more than a generation hit the Sichuan province.

Officials in the adjacent province of Hubei said nearly 200,000 people had been mobilized to stand guard on the most vulnerable section of the Yangtze, below China's biggest hydroelectric dam project at Gezhouba, which was reported to have survived the flood peak Sunday.

Shanghai's main newspaper, Wen Hui Bao, said the authorities had warned of a flood threat to China's largest city at the end of this month if the Yangtze floodwaters coincided with spring tides due at that time and a typhoon. Shanghai is not on the Yangtze, but lies up the Huangpu river a short distance from the estuary.

Vietnam Rejects UN Conference on Cambodia

BANGKOK — Vietnam rejected as illegal Monday the outcome of the UN-sponsored conference on Cambodia and said that any attempt to impose a settlement in Indochina would end in failure.

The Foreign Ministry in Hanoi said in a statement that the only way to establish peace and stability in Southeast Asia was by joint negotiations among the countries of the region on the basis of equality, mutual respect and without foreign intervention, the official news agency reported.

The conference of 93 countries ended in New York over the weekend and called for a cease-fire in Cambodia, the withdrawal of Vietnamese forces and UN-supervised elections. Vietnam and the Soviet Union boycotted the meeting.

Japan Rejects Whaling Moratorium at Talks

BRIGHTON, England — The United States and Britain called Monday for an indefinite worldwide moratorium on commercial whaling but Japan rejected the proposal and said it is under no legal or moral obligation to observe such a ban.

The two sides joined battle at the International Whaling Commission, which now has 30 member countries, began its annual weeklong conference.

The United States and Britain have sought for several years to push through the ban. But it has always foundered in the past on Japanese and Soviet opposition. Conservationists said there still is no more than a 50-50 chance it will be approved this time.

2 British Parties Consider By-Election Strategy

LONDON — Britain's Liberal Party is considering whether to give up its chance of winning a by-election to allow Social Democratic Party (SDP) founder Shirley Williams to enter the race.

The SDP, after a strong showing last week in a by-election at Warrington where Roy Jenkins won 42 percent of the vote, now wants Liberal candidate Bill Pitt to withdraw from the Croydon by-election in favor of Mr. Williams, the former Labor education minister. The Liberal Party and the SDP have an agreement that a Liberal candidate would be entered in the Croydon race since the SDP was entered at Warrington, their first election alliance.

Mr. Pitt has said he wants to remain the candidate, although an opinion poll Monday predicted that Mrs. Williams would win the parliamentary seat while Mr. Pitt would lose. Local party leaders said they expect to make a decision by Friday.

Taiwan Rules Professor Was Not Murdered

TAIPEI — Chen Wen-cheng committed suicide or accidentally fell five floors to his death, but the politically active Pittsburgh professor was not murdered while visiting his homeland, investigators said Monday.

The ruling, issued by the Taipei district prosecutor's office, was rejected by his close friend Teng Wen-chang, who said Mr. Chen could not have killed himself. Mr. Teng, the last person Mr. Chen visited before he died on July 3, said that Mr. Chen "was not a suicide type; he was a man who had the courage to face the reality — even if he had to be put in jail."

Mr. Chen, 31, a mathematics professor at Carnegie-Mellon University, came to Taiwan with his wife and infant son on May 20. His body was found beside a library building at a university here 12 hours after he had been interrogated by Taiwan's security agency for alleged anti-nationalist government activities in the United States.

Bomb Explosion Injures 5 at Zurich Airport

ZURICH — Five persons were slightly injured in an explosion at an automatic-photo booth at Zurich's international airport Monday, police said. It was not clear whether the blast was accidental, a police spokesman said.

The blast destroyed the booth and damaged a public photocopying machine in a shopping mall connecting the airport lobby with the railway station below. The injured left after receiving medical treatment.

On Sunday, a bomb exploded in a rubbish bin at the Swiss parliament building in Bern, causing slight damage. The Swiss news agency said that a caller representing a previously unknown group called the "Ninth of June Organization" had claimed responsibility for the blast in Bern. June 9 was the date that Swiss police arrested an Armenian on charges of murdering a Turkish consulate employee in Geneva.

Pentagon Set to Move Mail if Strike Is Called

WASHINGTON — The Pentagon prepared Monday to mobilize more than 100,000 U.S. military personnel to move the mail — or an estimated 90 percent of it — in the event of a national postal strike.

The contingency plan does not include door-to-door delivery, however. Officials said residents likely would have to go to their local post office to pick up mail.

Leaders of two large postal unions said their half-million members would strike at midnight Monday unless the U.S. Postal Service backed off insistence upon a three-year freeze on general wage increases. Postmaster General William F. Bolger said anyone who walks out will be fired.

Iranian Candidate Shot In Tehran Street Attack

NICOSIA — Habibollah Aslariolahi Mossallam, one of the four candidates in Iran's presidential election, was shot and slightly wounded Monday in an assassination attempt in Tehran, Iran's official Paris news agency reported.

Mr. Mossallam "received a minor injury and is reported in good condition in a hospital," Paris said. One of his bodyguards also was wounded, the agency said.

One of the three alleged assailants was killed and another was wounded, Paris said. The two survivors were arrested. Neither was identified.

The attack occurred on Iran Street in the capital, the agency said. It gave no other details.

Mr. Mossallam is one of the four candidates approved by Iran's Council of Guardians to run in Friday's presidential election, called to replace fugitive President Abolhasan Bani-Sadr who was ousted last month after being declared incompetent by Iran's clergy-dominated parliament.

Premier Mohammad Ali Rezaei, the leading presidential candidate sponsored by the ruling hard-line Islamic Republican Party, is widely regarded as the likely winner of the presidential race.

The other candidates, also IRP members, are Ali Akbar Fardavesh,

Soviet Dissident Goes on Trial

MOSCOW — The trial of Felix Seretov, a member of an unofficial group that accused the Soviet Union of using psychiatric treatment to silence dissidents, opened Monday in Moscow, dissident sources said.

Mr. Seretov, 51, was arrested in January, and charged with anti-Soviet propaganda and agitation. He could be sentenced to a maximum seven years in a labor camp, followed by five years in internal exile.

Mr. Seretov was the last original member of the Committee for Political Ends to be arrested and sentenced for anti-Soviet crimes. Last week Irina Grivina, a co-founder of the group, was sentenced to five years in exile.

Spain Legalizes Divorce

MADRID — Divorce became legal in Spain Monday after a ban of more than 40 years. The mutual-consent divorce law, approved by the Cortes (parliament) last month, will necessitate the setting up of family courts to deal with an estimated 300,000 divorce petitions.

Police Fight Rioters in Ireland, Belfast; Doherty Near Death in Hunger Strike

Police Fight Rioters in Ireland, Belfast; Doherty Near Death in Hunger Strike

From Agency Dispatches

BELFAST — Rioters battled police and stormed buildings Monday in the Irish Republic and Northern Ireland, where Irish nationalists said hunger striker Kieran Doherty was near death on the 60th day of his fast at the Maze prison.

Belfast police, firing rubber bullets, dispersed youths who had attacked a police station and nearby buildings. There were no reports of injury.

Across the border in the Irish Republic, rioters smashed windows and damaged buildings, shops and homes in Castleblaney and Monaghan Town. The protesters scattered when police in riot gear launched baton charges in the two towns.

In Dublin, security officials prepared a report for Premier

Garret FitzGerald on Saturday's rampage by 17,000 hunger strike supporters at the British Embassy. About 120 policemen and 50 demonstrators were injured in the battles, which caused damages of an estimated 1 million Irish pounds (£670 million).

On Monday, police displayed scores of spikes, iron bars and pikes recovered after the storming of the embassy. Protesters said they planned another march next Saturday.

Last Rites

The renewed violence came as Mr. Doherty, 25, was said to be approaching death and Kevin Lynch, 24, was deteriorating rapidly in the 59th day of his fast inside Belfast's Maze prison. The two men are among eight prisoners starving themselves in

an attempt to win political recognition for Irish nationalist convictions.

Mr. Doherty and Mr. Lynch received the last rites of the Roman Catholic Church last week, supporters said. Members of Mr. Doherty's family were at his bedside Sunday when hopes of preventing his death through a negotiated settlement faded.

Mr. Doherty, a member of the Provisional Irish Republican Army, is serving a 22-year sentence for possession of explosives and guns. He was elected to the Irish Parliament in the June 11 general election.

A special room was set aside at the prison hospital so Mr. Doherty's family could stay with him and the priest who presided at the imminent death of a hunger striker.

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Weinberger Strategy Plots 5-Year Rise in U.S. Military Buildup

By George C. Wilson
Washington Post Service

WASHINGTON — Defense Secretary Casper W. Weinberger's new marching orders to the armed services include a call for a military buildup far beyond the large one already planned.

Mr. Weinberger's consolidated "guidance" — a set of broad strategic instructions for the upcoming five fiscal years — envisions about 200,000 more soldiers, sailors and airmen; millions of dollars of special breaks for the military-industrial complex; a stepped-up research program; and the development of weapons needed to fight in space.

Army leaders are prepared to tell Congress that they do not see how they can recruit the soldiers needed under the five-year plan without at least drafting men to fill reserve units, which are currently 190,000 short.

"Doubting or Tripling"

The Pentagon, the General Accounting Office and military executives believe that the military-industrial complex could not now deliver in time the weapons for the kind of long war Mr. Weinberger wants the services to prepare for.

Compared to the 8 percent of the U.S. gross national product that went into the Vietnam war and the 15 percent that the Korean war absorbed, Mr. Weinberger asks the services to see what it would take to gear up industry to absorb half the GNP in the event of war.

This year's GNP is about \$2.94 trillion, meaning that after the declaration of an emergency Mr. Weinberger would like to have an effort that could absorb a military budget of about \$1.5 trillion for just one year. This year's record peacetime budget is \$222 billion.

Short of a national emergency, Mr. Weinberger asked for an assessment of the problems that "lie in the way of doubling or tripling the military budget in a certain major shift in the world situation."

The GAO said the current industrial base is in such bad shape that it "may mean that the United States can only fight a short war. Huge gaps exist between when military stocks will be exhausted and when production will allow needs."

He wants an industrial base turning out tons of ammunition and thousands of weapons within

Uncertainties Mark U.S. Tax Index Plan

Past Efforts to Adjust for Inflation Brought Unexpected Results

By John M. Berry
Washington Post Service

WASHINGTON — The U.S. Senate has taken a step into the political and economic unknown by voting to index, or adjust for inflation, personal income taxes beginning in 1985. More than half the members of the House of Representatives are sponsoring similar bills.

Past efforts at indexing, mostly on the expenditure rather than the receipt side of federal ledgers, have hardly turned out as Congress thought they would

NEWS ANALYSIS

when it enthusiastically adopted them. Social Security, civilian and military retirement, supplemental security income and food stamps all have been indexed in the last decade or so.

No one foresaw any problems when Social Security was indexed in 1972. Liberals voted for it to be sure the real value of benefits would not be eroded by inflation. Conservatives voted for it partly in hopes that benefits would not continue to rise faster than inflation as they did regularly during the 1960s and early 1970s.

Today, Congress and the Reagan administration are struggling to find a way out of a Social Security dilemma in which indexed benefits have been rising much more swiftly than the wages on which the payroll tax supporting them is paid. One suggestion is to reduce the scope of indexing. Similar proposals are about to be adopted for other programs, including

Jordan of Urban League Challenges Reagan Policy

By Herbert H. Denton *Washington Post Service*

WASHINGTON — Urban League President Vernon E. Jordan Jr. has challenged the Reagan administration to explain what will happen to poor people during the period after social programs are cut next fall and before the promised upswing in the economy occurs.

"Even the wildest optimist knows it will take years for the president's program to produce the prosperity he promises," Mr. Jordan said Sunday. "What do we do until then? How do poor people survive without the basic programs they need until then?"

It was Mr. Jordan's opening challenge in a debate he has attempted to engineer this week with key administration officials over the deep reductions in U.S. spending for social programs. Several administration officials are to speak to the anticipated 15,000 persons who began arriving in Washington during the weekend for the Urban League's annual conference.

"Jelly-Bean" Budget

In a round of press briefings and in his opening speech Sunday night, Mr. Jordan repeated his objections to the economic proposals, calling them a "jelly-bean budget" that enriches the wealthy at the expense of blacks and poor people.

While Mr. Jordan hardly flinched at criticizing the administration, describing it in his speech as lacking in compassion and "wedded to an ideology of radical conservatism" that has been outmoded since the Depression, Mr. Jordan was careful to avoid any personal attacks on Mr. Reagan.

[Vice President Bush rejected in strong terms on Monday Mr. Jordan's charges that the Reagan administration lacks compassion. The Associated Press reported from Washington.]

6 Die in Tribal Feud At South Africa Mine

United Press International

JOHANNESBURG — At least six black miners died and more than 100 were injured in weekend fights between Shangaan and Xhosa tribal workers at the Elsburg gold mine 60 miles west of here.

The miners battled with knives, clubs, rocks and broken bottles. The turmoil was provoked by the killing of a Xhosa miner.

Shooting of Libyan in U.S., Tied to Former CIA Agent

By Philip Taubman *New York Times Service*

WASHINGTON — Investigators looking into the attempted assassination of a Libyan student in Colorado last year say they have found evidence that links the man accused of the attack to a former agent for the CIA. The former agent, Edwin P. Wilson, has been charged with illegally exporting arms to Libya and training terrorists.

On the basis of the evidence, federal investigators say they now believe Mr. Wilson, who lives in Libya as a fugitive, may be responsible for arranging the attack against the Libyan student, Faisal Zagallai, an outspoken critic of Col. Moamer Qadhafi, the leader of the militant Arab nation. The evidence is said to include entries in the personal telephone book of the suspect in the attack.

Investigators say they have also found evidence, including records of telephone calls, that they say ties the suspect, Eugene A. Tafoya, to a civilian employee at the Naval Weapons Center in China Lake, Calif. Mr. Tafoya, now being held in Fort Collins, Colo., is a 25-year veteran of the Marines and the U.S. Army. He won a Bronze Star in Vietnam.

The civilian, Douglas H. Haden, a computer scientist, said in a telephone interview Thursday that he had met Mr. Tafoya in 1978 while dating his half-sister. But Mr. Haden denied any involvement in or knowledge of the October, 1980, attack on Mr. Zagallai, a Libyan studying at Colorado State University.

Canadian Jurist Claims 600 Died In Morocco Riots

The Associated Press

MONTREAL — At least 600 people — not 66 as officially announced — died in rioting in Morocco June 20, a Canadian member of the International Commission of Jurists has alleged.

André Tremblay, a Montreal law professor, was expelled from Morocco last week along with other members of a commission delegation when the lawyers tried to get authorization to represent people charged after riots in Casablanca, which were sparked by rising food prices.

Mr. Tremblay charged on Friday that the Moroccan government "scooped" bodies of dead rioters to cover up the extent of the bloodshed. "The government of King Hassan II is refusing to turn over the bodies to the families of the dead," he said.

Mr. Tremblay said that the majority of those on trial are youths aged 14 to 17. He said that defendants were not being allowed to call witnesses and that judges were allowing "flagrant violations of human rights."

The University of Montreal law professor said that in the aftermath of the rioting, a government troops imprisoned the wounded, rather than taking them to hospitals.

Civilians Investigated

The Naval Weapons Center conducts highly classified research in explosives and electronics warfare. Four other civilians once employed there have been under federal investigation for possible criminal activity and links to Libya. Two of them were indicted earlier this year on charges stemming from the theft of military equipment from the center.

Federal investigators and prosecutors say they believe these cases are part of a significant and growing national security problem involving the illegal transportation of sophisticated U.S. technology to such countries as Libya and the Soviet Union. They also are increasingly concerned that Mr. Wilson's work for Libya may have included widespread criminal activity inside the United States.

Libyan authorities took responsibility for the attack on Mr. Zagallai, who was shot twice in the head at close range but survived. U.S. officials believe the attempted assassination was part of a concerted effort by Col. Qadhafi to eliminate opponents of his regime.

Roger S. Young, a spokesman for the FBI, said Thursday the bureau was pursuing all leads involving Mr. Tafoya. However, senior officers at the weapons center said they had not heard of the connection to Mr. Haden until Wednesday. They said they immediately

26 Killed, 9 Injured In Storm in Taiwan

The Associated Press

TAIPEI — A tropical storm lashed northern Taiwan with heavy rain and strong winds, killing 26 persons and injuring 9, the police reported Monday.

Most of the dead were drowned by floodwaters or were buried by brick houses that fell during the rains Sunday. Seven persons were hurt when a train was derailed in northern Taiwan.

Cabinet Backs Alien Plan That Rejects Identity Card

By Charles R. Babcock *Washington Post Service*

WASHINGTON — President Reagan's Cabinet has approved changes in a comprehensive immigration policy that some officials fear tilts toward the economic desires of employers in the Western states who hire illegal workers.

The Cabinet reached agreement on the final and most contentious components of the plan Thursday, Justice Department and White House staff proposal rejecting use of an identity card won acceptance, as did the expansion of an amnesty provision to cover up to 5 million current illegals. Mr. Reagan is expected to approve and announce the package after his return from Ottawa later this week.

The decision has been delayed because some White House officials, particularly the domestic policy advisor, Martin Anderson, feared the Cabinet to modify the sanctions and amnesty recommendations of a Cabinet task force headed by Attorney General William French Smith, sources said.

Agricultural interests from the Western states that form strong Reagan political support have opposed sanctions against employers who hire illegals. Rejection of the task force's recommendation for an identity card is seen by several officials as a significant weakening of the sanctions provision, because it will make it more difficult to verify the legal status of a new hire.

Western Political Push

The Westerners have pushed for a large Mexican guest worker program, and the increased numbers of illegals eligible for amnesty will be viewed with enthusiasm by Western politicians, one official said, because it is "simply a guest workers program by another name."

India Denies Rejecting F-16s

United Press International

NEW DELHI — An Indian defense official denied a report Monday that the United States offered to sell India F-16 fighter-bombers and that New Delhi rejected the offer.

The official, who declined to be named, said that the report by the Press Trust of India "is absolutely unfounded."

The news agency, quoting Defense Ministry sources, said that India had rejected the U.S. offer because the engines were not powerful enough. "No requests were made and no offers were rejected," the defense official said.

26 Killed, 9 Injured In Storm in Taiwan

The Associated Press

Other elements of the policy had been decided earlier, including strict measures to prevent any new flood of Cubans and Haitians into Florida. There are plans to negotiate with Haiti to stem the flow from that country, to selectively intercept boats on the high seas and to detain newcomers indefinitely in what the administration recognizes could be called concentration camps.

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Congress Extraordinary

The extraordinary congress of the Polish Communist Party held over the last few days has gone about its affairs in such a business-like way that it is easy to forget the historic nature of the occasion. It is a landmark in the Soviet bloc that there was a real choice of candidates for delegates, a choice for Central Committee membership and a genuine competition for party leadership.

It is perhaps equally remarkable that the choices made have produced a Central Committee and Politburo with the balance of power very close to the center. Both bodies contain conservatives and reformers, so Stanislaw Kania, the politically adept pragmatist who has been returned as first secretary, should be able to steer a moderate course.

But political moderation is not a guarantee of success. While the Soviet Union has grudgingly acquiesced in the revolutionary events of the past year in Poland, it has by no means given its blessing. Moscow will continue to seek ways to undo what has been done and to limit what is still to come. There is no guarantee that a more radical party congress would not have produced some sort of Soviet intervention. And there is certainly no guarantee that a national transportation strike, for example, would not be treated by the Soviet Union as an intolerable threat to Warsaw Pact security, and lead to an invasion.

Mr. Kania directed a stern political warning at the Solidarity union, which launched the revolution at the Lenin Shipyards last August. He said the union was abusing its right to strike and over-reaching its mandate by calling for direct worker control over important enterprises such as the state airline, LOT. Solidarity has demanded the right to install its choice as managing director of the airline. The government has refused on the

ground that the airline is part of the national defense network. That dispute, at the intersection of politics, economics and security, is of precisely the kind that could galvanize the Russians into action.

The Soviet Union, though, is not the main threat facing the Polish leadership. The real challenge to Mr. Kania, besides keeping the political forces in balance, is the crippled Polish economy. Premier Wojciech Jaruzelski laid the details of the disaster before the congress. He said that prices for food, coal, natural gas and housing would have to be raised by 110 percent to bring supply into line with demand. He added that wage increases had averaged 25 percent in the last six months and the supply of domestic goods had decreased by 10 percent. He said production was continuing to fall, meat supplies would continue to dwindle, the foreign debt would increase by an additional \$3 billion this year to about \$30 billion and any new strikes would further disrupt the economy.

It is easy to forget that meat shortages sparked the Polish events. As a result there is more freedom in Poland today than there was a year ago. The change is truly astonishing. But there is also less food. At some point that is bound to catch up with Mr. Kania. Unless he is able to work effectively with Solidarity and neutralize his hard-line opponents, he will not be able to simultaneously please Poles whose hunger for bread at some point could outstrip their hunger for more liberty; the Soviet Union, which still must have a breaking point, and the international bankers who are underwriting Poland's debt. For the moment, though, he has shown himself worthy of respect by all three of these constituencies.

INTERNATIONAL HERALD TRIBUNE.

Nuclear Supply Lines

The administration's policy statement on nuclear nonproliferation issued this past week amounts to a set of broad guidelines. Depending on how they are interpreted, their effect could range from a tough effort to curb further proliferation to tacit encouragement of trade in weapons-related technologies. We hope it is the former, but elements of the statement suggest it might go the other way.

Take the call to "re-establish" the United States as a "reliable partner" in nuclear trade. This country has always been a reliable nuclear supplier except when it has delayed or withheld supplies because of weapons-related developments, and it has not begun to make those exceptions — under Jimmy Carter or anyone else — with anything like the determination or consistency it should have brought to bear. In the insiders' jargon of this business, in fact, "reliable supplier" suggests not letting nonproliferation concerns interrupt nuclear trade. The policy statement also promises not to "inhibit" reprocessing and breeder reactor programs in Europe and Japan, thereby taking what is at best a neutral stance toward a destabilizing international trade in plutonium — the optimal weapons fuel.

In an unexpected response, the Senate approved a resolution drafted by Sen. John Glenn calling for sweeping changes in the international nuclear regime. Despite strong opposition from the State Department — if one is looking for consistency, State Department hostility to anti-proliferation efforts over the years is where one will find it — the final Senate vote was 89 to 0. The resolution calls for an "urgent" effort by the nuclear suppliers to tighten the rules of nuclear trade, including a "temporary worldwide moratori-

um" on the transfer of certain dangerous equipment and technology to sensitive areas including the Middle East and South Asia. Learning from Iraq, it calls for limiting the size of research reactors and eliminating the use of weapons-usable highly enriched uranium fuel in them.

It proposes specific steps to make international safeguards worthy of the name, including adoption by all suppliers of the U.S. requirement for safeguards on all nuclear activities in a recipient country, thereby making all facilities subject to international inspection whether or not the owner admits their presence to the International Atomic Energy Agency. In Iraq, this would have meant that inspectors would have had a claim to access to the reprocessing "hot cells." In Pakistan, there would have been a strong claim to open up the secret enrichment plant. Finally, the resolution calls on the suppliers to agree in advance on specific sanctions for any violation of safeguards.

All the major suppliers except Switzerland and the Soviet Union are present at this week's Ottawa summit. It is, of course, too late for the administration to present initiatives specifically based on the Senate's unequivocal call for strong action, and the other supplier countries are not exactly enthusiastic about discomfiting their nuclear trading relationships for mere reasons of potential nuclear weapons spread. But it is not too late for the president to respond by telling the summit partners that he gives this effort a high priority and expects a similar response from them. Agreement at Ottawa on an early meeting of the nuclear suppliers would be a worthwhile outcome.

THE WASHINGTON POST.

Policy on El Salvador

The Reagan administration has wisely chastened the tone and modified the substance of its approach to El Salvador. It has always been true that "only a genuinely pluralistic approach" can end the terrible violence, but it was not always clear that American policy would support that approach.

It remains far from clear that such an approach can in fact evolve; the moderates on both sides of El Salvador's civil war do not control the forces that do most of the fighting. But this welcome amendment of administration doctrine at least makes it possible for the United States to collaborate with other democratic forces to promote a political settlement.

In its early days, the Reagan administration insisted on seeing Moscow and Havana as the main sources of El Salvador's troubles. Now Thomas Enders, assistant secretary of state for hemisphere affairs, regains some perspective when he says: "For just as the conflict was Salvadoran in its origins, so its ultimate resolution must be Salvadoran." And by calling on "all parties" to renounce

violence, Mr. Enders concedes that repression sponsored by officers in the American-backed junta is part of the problem.

What is still missing is evidence that the United States will use its influence to leash the Salvadoran security forces. The massacre of peasants continues. The land reform remains subject to the veto of rightist generals and their "death squads" — bankrolled by wealthy elites. Talk of elections requires a recognition that not once in half a century have the Salvadoran armed forces honored the results of a free vote.

Just possibly, democrats can still be weaned away from the guerrilla side. To win them over, the integrity of next year's voting might have to be guaranteed by outside monitors, as in the Dominican Republic three years ago. But there can be no fair political contest until the United States demands discipline of the government forces that it supports. If it means what it now says, the administration will not tolerate official suppression and barbarity.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

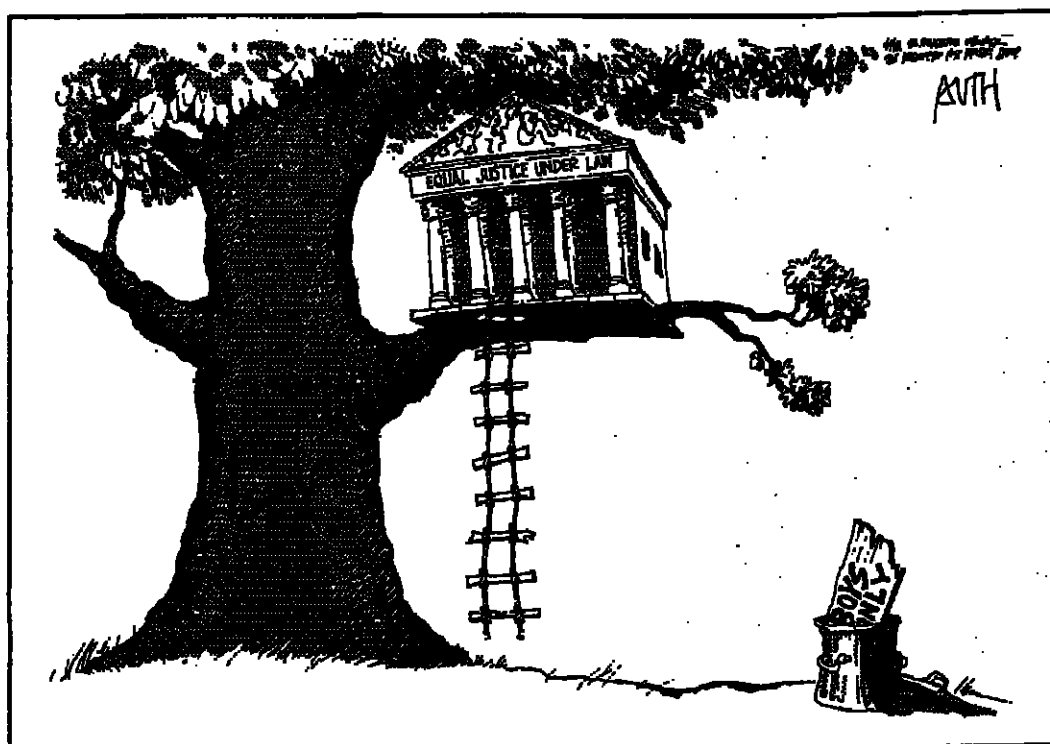
July 21, 1906

NEW YORK — Theatrical managers are getting into a state of mind over a famine of chorus girls. There has never been, it is said, such a scarcity in New York of the right talent for musical comedies. The reason concerns the general prosperity of the country, offering good wages in other lines, and a change in "chorus girl styles." It was only a few years ago almost any girl with a pretty face and good figure could get a place in a chorus. The public now demand that young women shall sing as well as look pretty, and this eliminates 75 percent of the old-timers. Directors of musical comedies are being forced to open branch offices in all large cities to get recruits for Broadway attractions.

Fifty Years Ago

July 21, 1931

LONDON — At the first sitting of the London conference in the House of Commons tonight, the British delegates challenged Germany's other creditors to a showdown. "We are not here to enforce, to defeat or to humiliate," Premier Ramsay MacDonald declared, addressing himself as pointedly as possible under the circumstances to the French delegation. "We are here to consider our problems objectively, to remember how closely we depend on each other." Apparently the British Labor government has decided there are advantages in open diplomacy, for within a half hour after the conference ended, the full text of the British premier's speech was available for public inspection.



How to Relate to South Africa

By Franklin A. Thomas

The writer is president of the Ford Foundation and chairman of the Study Commission on U.S. Policy Toward Southern Africa, whose report has recently been published by The University of California Press.

WASHINGTON — In recent years, Americans have looked at South Africa with growing concern about mounting racial tensions and violence, sources of minerals once considered reliable, and the potential for increased Soviet influence in the region. At the same time, many white South Africans have come to believe that the Reagan administration will be more sympathetic toward their government because of South Africa's economic and strategic position and its pro-Western, anti-Communist orientation. This gives the U.S. government an unusual opportunity in shaping policy toward South Africa.

The development of a consistent policy toward South Africa has been hampered in the past by the assumption that pursuit of one U.S. interest necessarily conflicts with the pursuit of others. The result has been an unstable tugging and hauling by interested constituencies, each ignoring or disputing the importance of the others' concerns.

"South Africa: Time Running Out" — the report of the Study Commission on U.S. Policy Toward Southern Africa — reached a different conclusion: All of these interests are important, and must and can be protected by a comprehensive policy.

U.S. interests in South Africa include minimizing Soviet influence in the area and maintaining free use of the Cape sea route. One percent of U.S. trade and foreign direct investment is with South Africa, and it supplies the West with a number of key minerals. But other African nations provide 40 percent of America's foreign oil, and their diplomatic support is important in many contexts.

Sustained racial violence in South Africa could have a corrosive effect on race relations in the United States, to say nothing of the misery it would cause in South Africa. For this reason and because furthering political freedom

and civil liberties in South Africa is worthy of America's highest efforts, it is in the U.S. interest to promote movement, with a minimum of violence, toward a genuine sharing of political power among all the racial groups.

In South Africa, the commission found that whatever the government does to reinforce the status quo, internal black forces will eventually alter it. The choice in South Africa is not between "slow peaceful change" and "quick violent change" but between a slow, uneven and sporadically violent evolutionary process, and an equally slow but much more violent descent into civil war.

Simultaneously

We also found that major U.S. economic sanctions against South Africa are unlikely to be effective. There is no necessary connection between economic hardship and desired political change, and other key South African trading partners would not join in sanctions in the current conditions. Maximizing U.S. influence requires both contact and involvement, and actions and words that make the fundamental U.S. opposition to apartheid unmistakably clear.

Based on these interests and findings, the commission recommended a framework for policy consisting of five related objectives to be pursued simultaneously:

- To make clear the fundamental and continuing opposition of the American government and people to the system of apartheid.
- To promote genuine political power-sharing in South Africa with a minimum of violence through the systematic use of inducements and pressures.
- To support organizations in-

side South Africa working for change, assist the development of black leadership, and promote black welfare.

• To assist the economic development of other states in southern Africa.

• To reduce the impact of stoppages of imports of key minerals from South Africa through stockpiling and contingency planning.

The U.S. government should broaden its arms embargo to cover foreign subsidiaries of U.S. firms and formalize its nuclear embargo. U.S. corporations in South Africa should not expand their operations. They should commit a generous proportion of their corporate resources to improving the lives of black South Africans, and subscribe to and implement the Sullivan Principles for U.S. Firms Operating in South Africa. These U.S. corporations not now in South Africa should stay out. These measures should be voluntary under current conditions, but the government should endorse them as important parts of overall U.S. policy.

America has limited influence in South Africa. But the extent of its involvement, the strength of black resistance, continued repression and new ferment behind the facade of Afrikaner unity create an opportunity and obligation to act before U.S. interests do in fact become irreconcilable.

A policy based on the framework described here would recognize and serve the full range of U.S. interests in South Africa and, by permitting the constituency for each of these interests to align itself with the others, command broad and lasting support from the American people.

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Safety Catches That Hold Soviet Triggers

By Flora Lewis

WARSAW — If there is one certainty in the Soviet position on Poland, it is that the Poles continue to present a series of agonizing dilemmas for the men in the Kremlin.

There have been enough contradictions in the Kremlin's policy in the last 10 months to show that a zigzag debate must be raging there. Preparations for an invasion were completed up to, but short of, the order to march. Poles were assured Moscow expected them to handle their own problems. Poles were denounced as revisionists and now have been told once more to put their own house in order.

The widespread suspicion among Poles and Western diplomats is that Leonid Brezhnev, mindful of the risks on all sides, has been consistently maneuvering to find a centrist position.

This does not mean that the Kremlin has been sitting passively watching Poland "de-Sovietize," as one adviser to the Solidarity union described the process. There have been openly political interventions by Moscow and probably some clandestinely provocative ones as well. But as the Polish Communist Party opened its anxiously awaited congress last week, Moscow appeared to be relying on the conflict of forces within the party, along with the possibility of military moves, to impose restraint.

That implies acceptance of profound changes in the very nature of Communist rule in Poland. But then, there are formidable deterrents to the use of tanks that did not exist in Hungary in 1956 or in Czechoslovakia in 1968. They consist of specifically Polish and general East-West circumstances never before present simultaneously. On one side, there are military considerations. With Afghanistan still a drain, a battle in Poland would engage the Red Army on two fronts. There isn't much doubt that Poles, including at least parts of the Polish Army, would fight a Soviet military takeover.

With their intense awareness of history, Poles have been talking lately about the Targowica incident. They mean it as a warning. Targowica was a small town in eastern Poland (part of the Soviet Union after the post-World War II border shift) where a group of Polish noblemen met in 1792. Like that of the Communist hard-liners today, their harsh rule was being challenged. Unable to deal with the opposition, they asked Catherine of Russia to intervene. That led to partition, extinguishing Polish sovereignty for over a century — but not before the Targowica conspirators were killed by their enraged compatriots.

Fighting in Poland, astride Soviet lines of communication to the East German front, would certainly strain the Warsaw Pact. No one could foresee how long the fighting would last or the extent of the consequences.

There would certainly be severe ideological effects. Soviet soldiers

would be opposed in Poland, not by untrained Hungarian youths or Czech intellectuals, but by a new social force of workers and peasants. Even if Moscow could keep its own citizens from comprehending that it was fighting the very masses in whose name it says it rules, the Kremlin's claim to legitimacy would be followed by the rest of the world.

This could have internal implications in the Soviet Union, especially if the fighting dragged on. Nationalism has been mounting in the Ukraine, where there are still many ethnic Poles, and there have been numerous reports of ferment in the three Baltic states as well.

It is illuminating that the Polish party invited only representatives of other Soviet-ruled countries to the current congress, not of all other Communist parties as is usual. There have already been drastic splits among Western Communists on the Polish issue. Presumably, it was considered preferable to avoid displaying these contrasts — which would have given a truer measure of the importance of Poland's struggle to world Communism.

Western warnings come on top

Some Bumps Await The Reagan Wagon

By David S. Broder

WASHINGTON — So many things are going so well for the Republicans these days that it seems almost churlish to suggest that there are a few clouds on the horizon. But there they are — and they may as well be acknowledged.

First, though, the good news for Republicans. Ronald Reagan has reached his six-month anniversary in the presidency in remarkably fine political fettle. That is attributable to two interlocking accomplishments.

He and his senior aides have done an extraordinary job of focusing public and congressional attention on their chosen agenda of budget and tax cuts. They have dominated the debate on those issues. Second, they have benefited from the remarkable display of cohesiveness and acumen by the congressional Republicans under Senate Majority Leader Howard Baker and House Minority Leader Bob Michel.

The teamwork of the White House and the Republican senators and representatives has been awesome. The public is plainly impressed; each succeeding set of polls measures further progress by the Republican Party toward majority status in the country and a highly competitive position in the 1982 congressional races.

And yet... There are at least four reasons to believe that the next few months may see some bumpy passages for the Reagan bandwagon and test the Republican Party in ways it has not been tested so far.

Agenda

First, the tightly controlled agenda is about to expand, both domestically and internationally. The Ottawa economic talks, focusing on the overseas effects of Reagan's unique mixture of high interest rates, budget stringency and tax cuts, is putting on display the tensions within the alliance over his fundamental economic policy.

When the president comes home, he will face a series of decisions on major defense weapons systems and the export of American arms to the Middle East, on all of which his own party in Congress is divided.

Social Security looks like a political Achilles' heel for Reagan and the Republicans; in all the optimistic polling, the one jarring element is the suspicion by large majorities that those now in power may jeopardize or cut back the most widely supported part of the social safety net. The administration's mishandling of the Social Security issue is worrisome — very worrisome — to Reagan loyalists on Capitol Hill.

Second, there is a growing

awareness in Washington that the Reagan White House is thinly staffed and perhaps stretched too far for the demands of the expanding agenda. The triumvirate of Ed Meese, Jim Baker and Mike Deaver gets very high marks as do budget chief Dave Stockman, congressional liaison Max Friedlander, and public relations counselor Dave Gergen.

But there are conspicuous weaknesses in the non-budget domestic issues area and in all of foreign policy — weaknesses that his senior aides, and whose consequences the public will soon enough come to see. The Max Hugel fiasco at the CIA was a warning sign that other national security disasters are waiting to happen. In that area, Reagan is in a race against time to shore up a sagging policy-making structure.

Lightly

And that raises the third nagging doubt. Despite the record of achievement in the first six months, there is skepticism in Washington about how deeply and perceptively Reagan is engaged in the work of his own government. Anecdotes abound on his tendency to skate lightly over the surface of many policy discussions. It was stunning to learn that for five days after his senior staff had been briefed on the problem, Reagan was shielded from knowledge that a major scandal was about to break on CIA spy-master Hugel.

Soon the president will depart on a long vacation, and the questions about who is really running the store are almost certain to rise in volume.

Finally, for all their publicized disarray, the Democrats are showing signs of recouling a lesson from their more successful past. They are saying with some conviction on both the tax bill and Social Security issues that they are the party that looks out for the wage-earners, the widows and the orphans, and that the Republicans are servants of the affluent.

It is not a subtle or elevating argument, but it has worked in the past. And, as the Mississippi special election has shown, even in the full flower of Reagan's popularity, it offers the potential for unifying a working-class constituency across racial and ideological lines and for producing a Democratic victory now and then.

None of this suggests that Reagan and his political revolution are about to run off the tracks. My own guess is that the president will come through this shakeout in reasonably good shape. But I would be surprised if it is quite the cakewalk or the triumphal procession these first six months have been.

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"We Dare Not Send the Troops — That Dead Walsza Will Organize Them."

INTERNATIONAL **Herald Tribune**

Published with The New York Times and The Washington Post

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NO WAY UP — Heavy summer snowfalls 1,200 meters (about 3,900 feet) high in the Alps blocked roads, broke trees and choked passes, as here, at the Furka Pass near Brig, Switzerland, a motorist seeks to turn his car around. Snows also blocked passes in the French Alps.

Youth Gangs, Police, Victims Play Roles In Real-Life Drama on Hollywood Strip

By Pamela G. Hollie
New York Times Service
HOLLYWOOD, Calif. — A special task force of more than 50 law officers is trying to keep order on the historic Hollywood Strip, which has become a war zone in the last six months.

Fruit Flies Under Control, Agriculture Chief Asserts

By Ward Sinclair
Washington Post Service
WASHINGTON — Tearing the situation now under control, U.S. Secretary of Agriculture John R. Block said he is optimistic that continued aerial spraying will end California's infestation of Mediterranean fruit flies.

Gypsy Band Makes 5-Day Stand

THE HAGUE — A band of gypsies has pitched camp opposite one of the most luxurious hotels in The Hague, much to the consternation of Dutch authorities.

Light on Limes, or Why They Don't Usually Grow in Europe

THE MORNING MAIL, often found in surprises, recently delivered an interesting report to my desk:

"I may possess the only fruit-bearing lime tree in captivity in Italy, perhaps in Europe," writes George Armstrong, Rome correspondent for The Guardian.

Personality

George Wein: Promoter Pianissimo

By Jeffrey Robinson
International Herald Tribune
NICE — That first year, 1974, the French didn't quite know what to make of it. They didn't understand what was happening. Outdoors. No reserved seats. They could wander freely wherever they wanted to in the park called Cimiez, overlooking Nice.

Among them was a 1977 letter: "I had a number of calls plus a letter from a friend of mine in Pakistan who told me about limes in India. She had also been directed to limes in a local market."

"Why did the lime forsake Europe?" Mr. Armstrong asks. The answer, I think, is simple: The lime did not forsake Europe, for it had never reached Europe.

Protected Position

Perhaps his tree is in a protected position; perhaps it is close enough to a building to benefit from its heat.

It's a job he knows from both sides of the fence. Once upon a time, he was George Wein, Boston piano player at heart, and he fills in at his own festivals whenever he gets the chance.

Dance

A Double 'Attraction'

By Noel Goodwin
International Herald Tribune
LONDON — When the Manchester-based Northern Ballet Theatre appeared as part of the Cheltenham International Music Festival, the repertoire was led by a street scene called "Attraction."

Competitions

Americans Top Math Contest

WASHINGTON — The United States team topped the 22d International Mathematical Olympiad, beating the West German team by two points and Britain's by 13.

King Travels in Style

The gypsy king of the Netherlands, Koko Petalo, has led his people's skirmishes with the government and his blue Rolls-Royce has become a familiar sight at the Justice Ministry.

For those who appreciate the difference.

In Los Angeles a grand-luxe hotel that provides superior service and facilities for the discriminating international traveler.

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Telex: 698-220. Telephone: 213-275-4282.

International Restaurant Guide

- FRANCE
PARIS - RIGHT BANK
GOLDENBERG 71, rue de Valenciennes, 278-29 09. Daily. Lunch. Snacks. Pastries.
MOISSON DU CIEL 1, rue Chateaubriand (Rue de Valenciennes) 277-27 55. Closed Monday.
PARIS - LEFT BANK
ASSIETTE AU BEURRE 11 Rue St-Benoit/P. St-Germain-des-Prs. 260 67 41.
LA PETITE CHAISE 36 Rue de Grenelle. 222-13 35. Menu Fr. 52. Refined cuisine.

Important Exhibition of Rare Jewels at the Palm Beach Casino, Cannes from July 21st to August 1st. 35 Brompton Road, Knightsbridge, London S.W.3. Telephone: 01-834 8571 Telex: 21296

BUSINESS NEWS BRIEFS

EEC Sets Anti-Dumping Duty on U.S. Phenol

BRUSSELS — The European Economic Community announced Monday a provisional anti-dumping duty ranging from 8.8 to 19.9 percent on imports of the chemical phenol from the United States.

Snamprogetti Gets North Sea Contract

ROME — Snamprogetti, the Italian state engineering concern, announced Monday it has received a contract from Norway's state oil company Statoil to begin the first stages of planning for a natural gas pipeline network in the North Sea.

Australia Eases Foreign Investment Controls

CANBERRA — Controls on investment abroad by Australian individuals and companies were eased Monday to help reduce pressure on domestic interest rates and money supply.

Arco Increases Value of Bid for Ladish

MIDDLETOWN, Ohio — Arco said Monday that it has agreed to raise the value of its proposed acquisition of Ladish to \$286 million from \$221 million. It added that the agreement was approved by Ladish.

Boeing Gets \$97.8-Million AWAC Contract

WASHINGTON — Boeing said Monday that it was awarded a \$97.8-million contract by the Air Force to improve the U.S. E-3A Airborne Warning and Control Systems aircraft.

Murdoch Drops Bid for Control of Collins

LONDON — Publisher Rupert Murdoch has given up his \$25-million (\$46.8-million) bid to take over William Collins & Sons, a book publishing concern, Murdoch's News International firm reported Monday.

Flagship Approves Royal Trustco Merger

MIAMI — Flagship Banks said its executive committee approved an agreement in principle for Flagship to be acquired by Royal Trustco of Canada. The transaction needs the approval of the boards of both companies and Flagship's shareholders.

U.S. Carmakers, Union Spar on Concessions

DETROIT — The elaborate minutiae that has been going on between the two largest U.S. automobile manufacturers and the United Auto Workers union regarding concessions by labor apparently is continuing, despite assertions by the union that it will not budge.

VW Delaying a Decision On Venture With Nissan

BONN — A decision by Volkswagenwerk on whether to go ahead with a joint project with Nissan Motor to make a VW car in Japan has been delayed by the illness of VW Executive Chairman Toni Schmuecker, a VW spokesman said Monday.

Textile Treaty Talks Adjourned Until Fall

GENEVA — Having failed to make any progress on how to run future textile trade, consuming and developing exporting countries Monday adjourned until Sept. 21 talks on extending their trading treaty.

ARGENTINA
Rural properties: agriculture, stock breeding, forestry
Urban properties: houses, buildings, apartments
Legal counsel, administration of properties.
INVERAGRO S.A.
25 de Mayo 252 Pto 4, (1002) Buenos Aires, Argentina.

Engine Makers Rev Up Their Bids to Power New Passenger Jet

NEW YORK — Will the sleek A-320, the blunt-nosed MD-100, the porpoise-shaped 7-7 all use the new PW2037? Will they also employ the reworked CFM56-2000? And the redirected RJ500? Or will any of them come to market at all?

one point in the last round of major competition for powering a jetliner — the 178-passenger, two-engine Boeing 757, scheduled to go into airline service in January, 1983.

proposed aircraft may reach the market because "the airlines currently have difficulty getting two tickets to rub together."

W. Germany to Cut Federal Spending

BONN — West Germany plans to cut public spending sharply in 1982 in an effort to reduce federal borrowing, Finance Minister Hans Matthöfer said Sunday.

Colt, Penn Central Plan Merger

NEW YORK — Colt Industries would merge with a subsidiary of Penn Central under a proposal being discussed by the companies, according to a joint announcement Monday.

Market Closed

All financial markets were closed Monday in Belgium for a local holiday.

Deficit Increases

FRANKFURT (Reuters) — The West German budget deficit in the first half of 1981 rose to 22.6 billion Deutschmarks, up nearly 30 percent from the first half of 1980, provisional Bundesbank figures showed Monday.

Prices on Wall Street in Broad Decline

NEW YORK — Sparked by fears that interest rates will remain high, prices on the New York Stock Exchange closed sharply lower Monday and the Dow Jones industrial average had its largest drop since Jan. 20.

Market Closed

All financial markets were closed Monday in Belgium for a local holiday.

Resistance Expected

Mr. Matthöfer's remarks were evidently intended to ward off what is expected to be strong resistance to reduction of government welfare programs, which have grown enormously in the last decade.

ARGENTINE REPUBLIC EXTERNAL U.S. \$ BONDS THE WESTON GROUP makes a market in all series

ARGENTINA
Rural properties: agriculture, stock breeding, forestry
Urban properties: houses, buildings, apartments
Legal counsel, administration of properties.
INVERAGRO S.A.
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BANQUE NATIONALE DE PARIS
Floating Rate Note of U.S.\$70 million January 1977/83
The rate of interest is 11% for the six months period beginning on July 21, 1981 and will be adjusted quarterly to the rate of the 3-month U.S. Treasury bill plus 3%.

Thomas Cook. Europe's No.1 issuer of Travellers Cheques.
Thomas Cook Travellers Cheques have grown by nearly 400% since 1975, an increase which has doubled our market share. Here are some of the reasons why.

NYSE Nationwide Trading Closing Prices July 20

Table of NYSE Nationwide Trading Closing Prices July 20, including columns for 12 Month Stock, High Low Div, and various stock symbols like 12 Month Stock, High Low Div, etc.

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices, including sections for Chicago Futures, International Monetary Market, and New York Futures.

European Gold Markets

Table of European Gold Markets, listing prices for London, Zurich, and other locations.

European Options Exchange

Table of European Options Exchange, showing call and put options for various stocks.

Toronto Stocks

Table of Toronto Stocks, listing closing prices for various Canadian companies.

Floating Rate Notes

Table of Floating Rate Notes, listing various bank and non-bank issues.

Montreal Stocks

Table of Montreal Stocks, listing closing prices for various Quebec companies.

Valeres White Weld S.A.

Valeres White Weld S.A. advertisement text, mentioning their location in Geneva, Switzerland.

Slumberger

Slumberger advertisement text, referring to an advertisement dated May 15, 1981.

Canadian Indexes

Table of Canadian Indexes, showing performance of various market indices.

Bank of France Cuts Major Interest Rate

Bank of France Cuts Major Interest Rate article text, reporting on the bank's decision to cut rates.

Eurocurrency Interest Rates

Table of Eurocurrency Interest Rates, listing rates for various currencies and terms.

Market Summary

Table of Market Summary, providing a quick overview of major market movements.

European Stock Markets

Table of European Stock Markets, listing closing prices for major European indices.

Cash Prices

Table of Cash Prices, listing prices for various commodities and currencies.

Dow Jones Averages

Table of Dow Jones Averages, showing the performance of the Dow Jones Industrial Average.

Frankfurt

Table of Frankfurt, listing stock prices for various companies in the Frankfurt market.

Commodity Indexes

Table of Commodity Indexes, showing price movements for various commodity groups.

Standard & Poors

Table of Standard & Poors, listing stock prices for companies in the Standard & Poors index.

Milan

Table of Milan, listing stock prices for various companies in the Milan market.

London Metals Market

Table of London Metals Market, listing prices for various metals and alloys.

AMEX Index

Table of AMEX Index, showing the performance of the American Mineral Exchange Index.

Selected Over-the-Counter

Table of Selected Over-the-Counter, listing prices for various over-the-counter securities.

Monday's New Highs and Lows

Table of Monday's New Highs and Lows, listing the highest and lowest prices for various stocks.

Advertisement for CORUM watches, featuring an image of a watch and text describing the brand and its quality.

Advertisement for BANCO DI NAPOLI, featuring a balance sheet and information about the bank's financial performance.

Advertisement for London Commodities, listing prices for various commodities and providing market analysis.

AMEX Nationwide Trading Closing Prices July 20

Tables include the nationwide prices up to the closing on Wall Street.

Large table of stock prices for various companies, including columns for stock name, price, and volume.

Companies Rev Up Bids for New Jet Engine

(Continued from Page 7) With so much doubt, the jet engine companies have acted cautiously, Pratt & Whitney executives...

with various design options open, "we're purposely being very vague about what we're willing to do."

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Table of company reports for various industries including Air Products & Chemicals, Northwest Industries, American Cyanamid, etc.

Advertisement for Turnberry Isle Yacht and Racquet Club, featuring an image of a golfer and text describing the club's amenities.

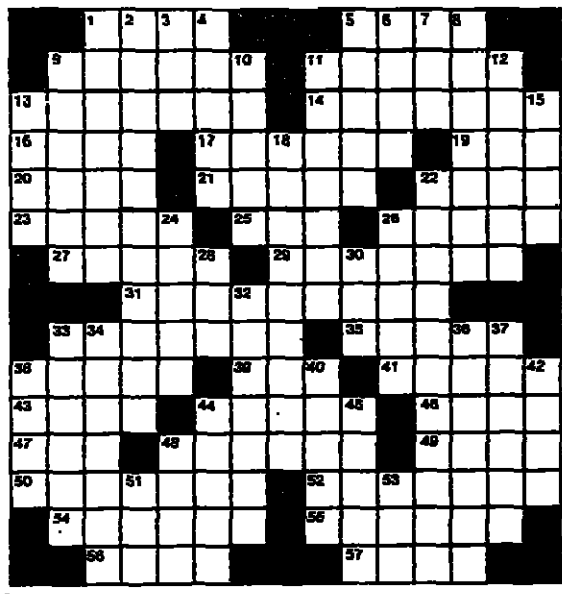
Advertisement for Exclusive Interest in Silver Mining with 100% Capital Protection Through Bank Guarantee.

Large advertisement for Instituto Nacional de Industria (INI) listing various banks and financial institutions.

FOR READERS WHOSE LIVES ARE BIGGER THAN NATIONAL BOUNDARIES. International Herald Tribune

CROSSWORD

By Eugene T. Maleska



ACROSS

- 1 Lighter or barge
5 Swathe
9 Accumulates
11 Musical
12 Sheridan's "School" subject
14 Feels remorse
16 Mountain lake
17 Sedge-like carnivores
19 Threefold: Prefix
20 Chair member
21 Cube, flank or Swiss
22 Scoff
23 Contradict
25 Printers' units
26 Sight, bearing or taste
27 Relaxes
29 Certain seed
30 Sides
31 Reese was one; also Durocher
33 More
34 Necessitously
35 London streetcars
38 He commits grave crimes
39 French possessive

DOWN

- 1 Excite suddenly
2 Competent
3 Fort
4 Endures
5 Marine mollusk
6 Shipment to a paper mill
7 Gentle
8 Feign
9 Tool for cleaning fish
10 Shade of gray
11 Wrinkles
12 Emphasize
13 Dagger thrust
15 Term of address to a sovereign
18 Deliah, e.g.
20 Impertin
24 Drank to the meaning "noble"
26 Bowling or dining
28 Drench
30 Lawyer: Abbr.
32 Withstands
33 Menhaden
34 Drank to the health of
36 Architectural style
37 Voiced
38 More facile than sincere
40 Purloin
42 Sharp pain
44 Irked
45 Egyptian dancing girl
48 Anagram for evil
51 Word with "tree" or "high"
53 Doctor's org.

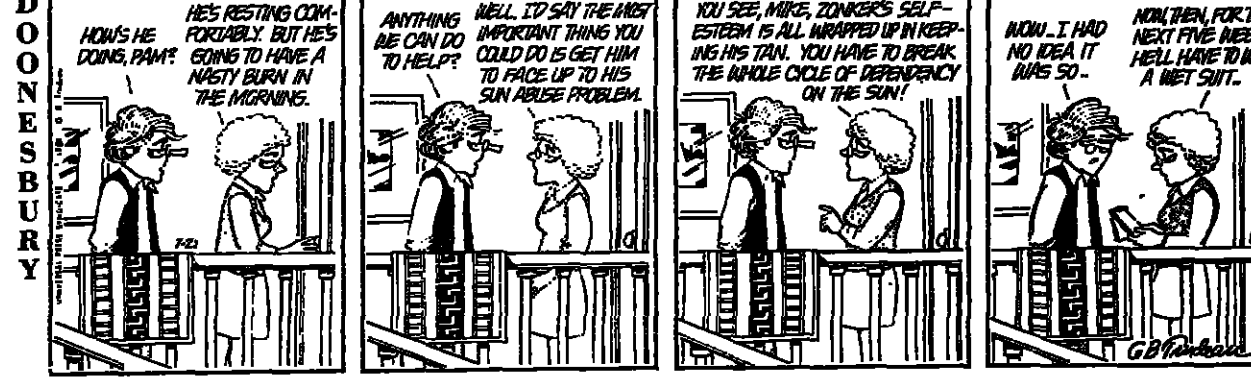
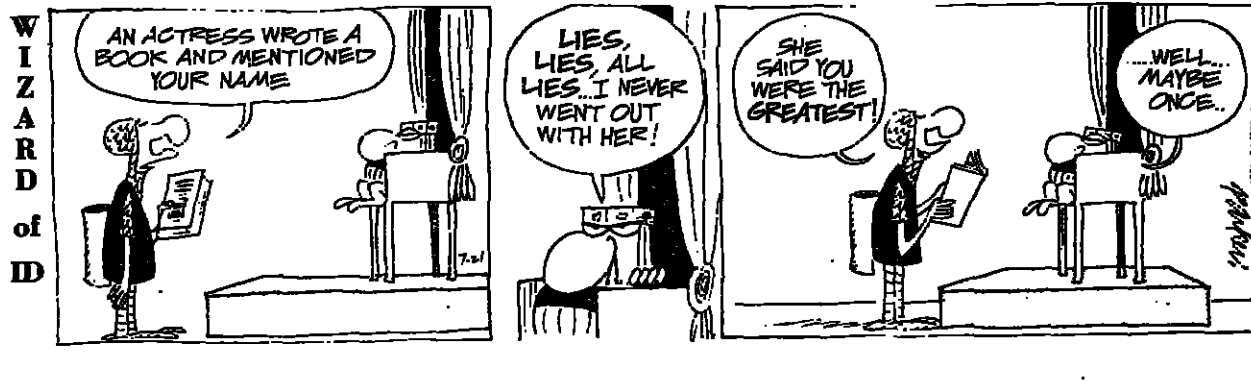
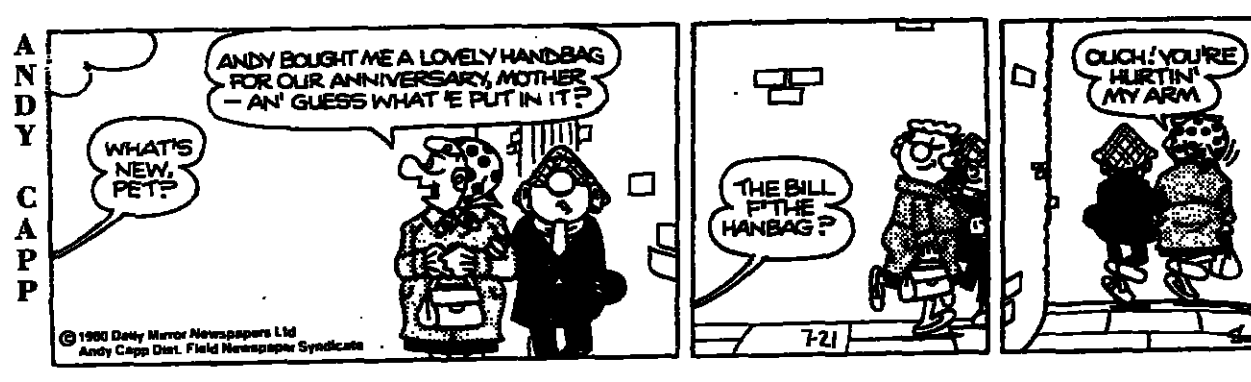
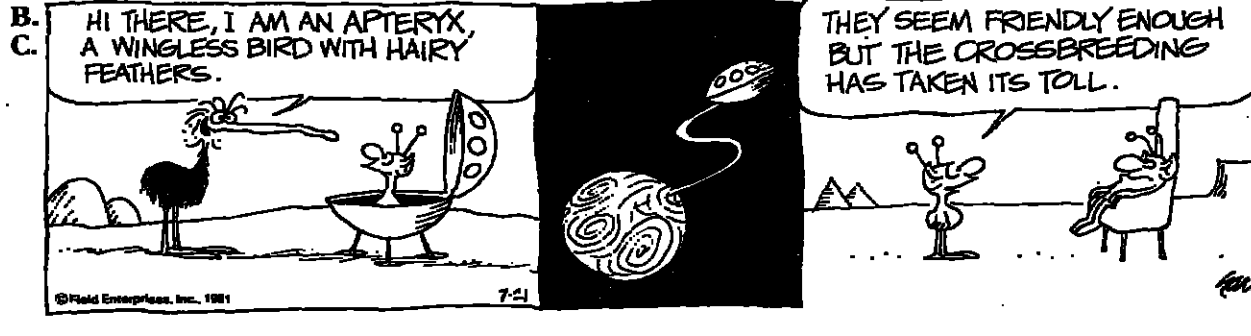
WEATHER

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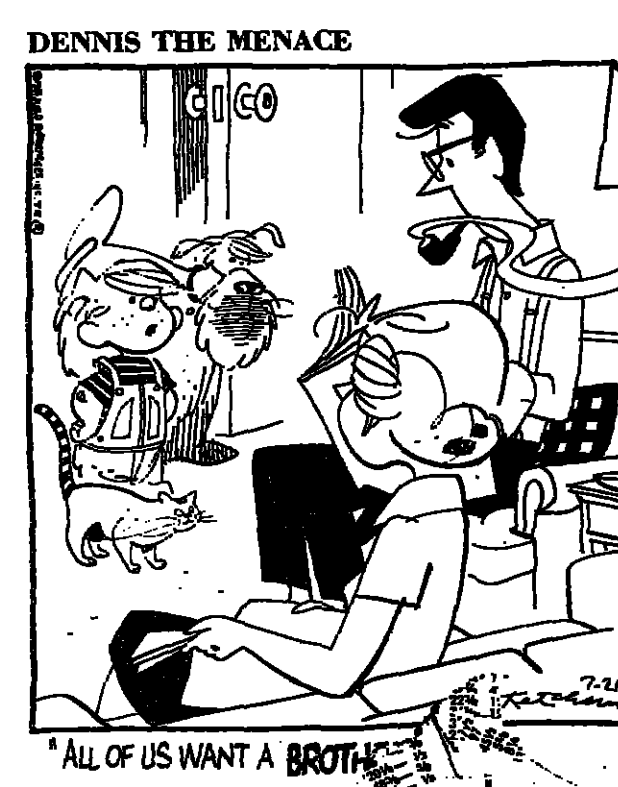
ADVERTISEMENT INTERNATIONAL FUNDS

Table listing various international funds with their names and values. Includes sections for Other Funds, CREDIT SUISSE, DIT INVESTMENT FRANKFURT, FIDELITY, G.T. MANAGEMENT LTD, JARDINE FLEMING, LLOYD BANK INTL, RBC INVESTMENT, ROTHCHILD ASSET MGMT, SOFIO GROUPE GENEVA, SWISS BANK CORP, UNION BANK OF SWITZERLAND, and UNION INVESTMENT FRANKFURT.

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JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Includes a grid of letters and a cartoon of a car.



BOOKS

THE PLAYBOY INTERVIEW

Edited by G. Barry Golson. 721 pp. Paper, \$9.95. Wideview Books, 747 Third Ave., New York 10017.

Reviewed by John Leonard

IMAGINE Dolly Parton and Vladimir Nabokov. Or Bertrand Russell and Helen Gurley Brown. Or Malcolm X and Anita Bryant. Or Yoko Ono and Jimmy Hoffa. And so on.

There are writers, like Tennessee Williams and Joseph Heller. There are politicians, like Jimmy Carter, Daniel Patrick Moynihan, Jerry Brown and Fidel Castro. There are entertainers, like Marlon Brando, John Wayne, Miles Davis and Mel Brooks.

What is G. Barry Golson, executive editor of Playboy, trying to tell us? Nothing much, I suspect. His principle of selection seems to have been that he likes these interviews, more than he likes dozens of others.

Golson provides the background for each interview. Some of it is fascinating. Malcolm X and Fidel Castro, for instance, had to be denunciated editorially. Timothy Leary needed tough "staple" questions the second time around.

Next, there is Nabokov. He wrote down all his answers. One of the questions was "Do you believe in God?" This is his reply: "To be quite candid... and what I am going to say now is something I never said before, and I hope it provokes a salutary chill: I know more than I can express in words, and the little I can express would not have been expressed had I not known more."

John Leonard is on the staff of The New York Times.

BRIDGE

By Alan Truscott

FROM the angle of the player and the publicist, organized bridge in North America suffers from a major weakness that few perceive: There are virtually no representative opportunities.

There used to be an annual inter-city match prior to the Summer Nationals, but that has disappeared from the scene. The Grand National Team Championship has a geographical flavor in the later stages, but instead of representing cities or states the players represent one of the 25 artificial districts into which the American Contract Bridge League is administratively divided.

Representing one's country for the first time can be nerve-racking, and a player making his debut hopes for a few straightforward deals to start the proceedings. The player who held the South cards on the diagrammed deal from a recent match between Wales and Scotland was disappointed in this respect. He immediately found himself playing six hearts after an opening lead of the diamond jack.

Bridge hand diagram showing North and South cards. Includes a table of scores for North, West, East, and South.

Handwritten text at the bottom of the page: 'Handwritten text in Arabic script'.

Letter From Alaska

To Catch an Inkwell

By Hugh A. Mulligan
The Associated Press
HALIBUT COVE, Alaska — An Alaskan artist Diana Tilton, whose work is warm, exciting and different, has an unusual art supply problem.

When she reaches to grab some ink, it's liable to reach out and grab her. And the source of supply has a 4-to-1 advantage in reach.

Tilton works with octopus ink. From her geodesic-dome studio overlooking Kachemak Bay, perhaps the most beautiful in all Alaska, she wanders along the shore to catch her own octopuses.

"It has to be a minus tide. You find them in their dens under rocks. The telltale signs are very visible. Then you just put your hand under the rock."

She described the process in the matter-of-fact tone of someone calling a bargain in gouache or tament's hair brushes at a local art store. One octopus Tilton groped for under a rock recently weighed 47 pounds and measured 12 feet from the tip of one writhing tentacle to its opposite. Then the trick was to find the gland near the liver that contains the ink. After all this, she ended up with five cubic centimeters of ink.

Rich Range
The ink is very strong, however, and when it is diluted it provides a rich range of warm, wonderfully indelible tints, enough for a number of fair-sized watercolors. It also can be used to make batik cloth, which Tilton does, along with working in oils, gouache and lithographs and sculpting in clay, ceramics and wood.

The receptacle the ink comes in is immediately recyclable, since the artist admits, with a proud grin, to being the best sautéed-octopus chef north of the south 48.

The octopus-ink works on display and on the drawing board in Tilton's studio vividly reflect the artist's love affair with Alaska and its people, particularly the natives. Eskimo hunters. A sourdough fisherman. An Indian village in winter. A rookery of puffins. A loon in the rain.

Tilton happened on octopus ink while studying the European masters in Paris, especially some of the late-14th-century Italians who worked in sepia, the light brown pigment obtained from the ink of the cuttlefish. After experimenting

with octopus ink, which is even darker and has a richer range of tone, she was certain that some early monochrome watercolorists and later Japanese artists had also dipped a brush into this eight-armed inkwell that swims backwards, is said to be as intelligent as a dolphin and chomps raw lobsters, shell and all.

Tilton, a native Californian, arrived in Alaska in 1939 aboard a 90-foot sailboat. There is no road to Halibut Cove. You either fly in with a bush pilot or hop a fishing boat. To reach the Tilton studio, you step over a pet seal named Skape, who is sprawled on the dock. He may applaud your coming with his flippers or reject you by plopping into the water with a haughty splat.

Scrape got his name because no one thought he would scrape through," said Clem Tilton, the artist's husband and a former state senator. "We got him as a baby and fed him through a tube. His mother was killed by a killer whale."

Clem reached Halibut Cove from Anchorage, discovering it quite by accident. Now 17 Tiltons, cousins, nephews, grandchildren, live around the cove, and Clem will offer "free land to any couple with four children who will settle here so we can get a school started for the new generation of kids that's coming along."

He adds one cautionary note, however. "If you can't catch fish, you'll never survive here." He catches more than most anybody in the state.

He also has a marine supply business, runs two pilot boats, mines his own coal and operates his own sawmill and electric power plant. He and Diana are building a new house to replace one that burned down last October. "The workmen, the builders, the contractors — everyone has been wonderfully kind," he said, leading the way out to the big picture-window porch overlooking the spruce-lined cove. "That's what the people are in Alaska."

"When not tending her large vegetable garden, her chickens and her now almost grown up family, Diana Tilton gets plenty of time to paint and scrounge under rocks for octopuses. She only goes shopping once a year. If she forgets the paprika or the Tabasco sauce, forget it until next year.

Art Buchwald is on vacation.

Berlin's Christiane F., Film Child of Heroin

By Michael Zwerin
International Herald Tribune

PARIS — Sex, drugs and violence will not do it every time. Since its first screening in April, the film "Christiane F.," about a 13-year-old Berlin junkie who supports her habit by prostitution, has drawn 3 million customers in West Germany.

Yet it all looks so unappetizing. People are vomiting, bleeding, they have ugly sores everywhere. They seem to spend half their lives in toilets. Most of their veins are collapsed. "Christiane F.," should be mandatory viewing in every high school with a potential drug problem.

Its director, Ulrich Edel, is unhappy with the French title — it opens in Paris on Friday — which adds "13 ans, droguée, prostituée" after the girl's name.

"It makes it seem exploitive," he said, throwing an I've-got-a-lot-to-learn glance at his public relations woman. Although he has made some television films, this is the first feature film by Edel, who is 34.

"I wanted above all to demystify heroin. The way you see Christiane's real life, for example, is exaggerated, that the heroin scene in Berlin is not really as bad as that, I say. 'No, it's worse. It's actually harder, larger, more violent than I showed.'"

The film, which has not yet been released in the United States, is based on a best-selling West German book written by the real Christiane. The book was subtitled "Children of the Zoo Station," the spot where she and her young friends congregated.

Christiane moves from her first Valium and occasional marijuana to shooting heroin between her fingers amid the spooky modernity of West Berlin. Gleaming yellow double-decker buses glide silently by rows of teen-age boys selling their bodies to who can buy their next fix. Fur-coated ladies and businessmen in three-piece suits walk through the underground station nodding on clusters of funky junkies nodding on filthy floors, choosing not to see a thing.

Stoned kids cavort on the roof of a glass-walled tower next to the revolving Mercedes star that dominates the city like a cross on a cathedral. The large "H" on the door of the men's room that serves as a shooting gallery inside the high-fidelity, strob-lighted discotheque no longer stands for "Herren." Christiane and her friends double up with withdrawal pains between sleek, shiny skyscrapers.

Part of the problem seems to be that modern cities are so alienating and impersonal that these teen-agers prefer to pass their time underground as high as possible, attempting to escape from society before they have even entered it.

"Less Hope"
"I was one of those people who tried soft drugs in the '60s," Edel said. "At that time we got high to help us deal with exterior life. We wanted to appreciate reality better. There seemed to be a future in the '60s. But after Willy Brandt left office and with the rising unemployment, there was less and less hope. Now young people want to escape. Heroin is good for escaping. You don't see or feel anything."

In the 1940s and '50s, heroin was used mainly by American blacks trying to escape the misery of the ghetto. It did not get much press attention until, along with their music, jazz musicians brought what they called "junk" across the racial barrier. The Vietnam War accelerated the process: Now it was called "slag" or "smack." Much of the German junkie vocabulary is taken from black slang — fix, shoot, cold turkey, clean.

The "The White Duke"
As Christiane's story shows, a lot of this drug use had to do with peer pressure as much as escape. It was a way to feel hip, in the know, one of the boys. Now heroin is rare in jazz circles, probably because there's more hope in the media.

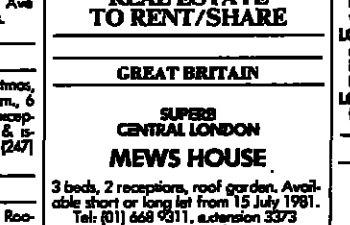
Christiane's hero is the rock star David Bowie, whose music is featured in the film and who once had a heroin problem. There is a scene where she looks up to him onstage (like youngsters once looked up to Charlie Parker) as he sings:

"The return of the thin white duke throwing darts in lover's eyes The return of the thin white duke making sure and stays... It's too late..."

It is clear that she does not understand the words. All she knows is that her mother obviously doesn't care much about her and that all her friends are on junk and she absolutely has to feel part of something, and maybe she hasn't tried the "thin white duke" yet only because she's a scaredy-cat. She decides to take one snort, just to understand what everybody else sees in it.

"In Germany there is now a campaign to legalize hashish. I believe in it [legalization] only half and half. What happens if you can buy it everywhere? It might be terrible, because the condition of society at this moment is too weak."

No policemen appear in the film, though in reality Christiane



Ulrich Edel: The Zoo gallery.



Natja Brunckhorst, film's Christiane F.

was in and out of police stations regularly. "It was not interesting for me to show that," Edel said. "This is not a film about the drug scene in Berlin, it is the story of one girl. You'll also notice there's no dealer in the film. Junkies buy heroin from other junkies who deal to support their habits. It's a cliché to say the dealer is the bad guy and the junkie a victim."

When Christiane and her boyfriend decided to kick, there were apparently no effective rehabilitation programs to help them. "The real Christiane went into a therapy center five or six times," Edel said. "I did not show that because it would have been boring, and anyway at the time — 1975 and 1976 — therapy centers were really bad. Christiane told me she once went to a place run by Scientists who tried to inject heroin and inject Jesus in there. Now it's better, now there are places where ex-addicts work with the junkies."

Where is Christiane now? "She finished high school, she works in a bookshop in Hamburg. She's 19. She's really clean, since three years. I hope — I really think she's made it. But she's an exception, you know. She started younger than average and she always wanted to stop. Most people who have been junkies for two or three years told me that they never wanted to stop. They say, 'I will die as a junkie.'"

Is there any hope of a cure? "I only see a solution by changing society. The recent riots in England come from the same cause. Perhaps it's better there. They fight. Perhaps it's better to turn this frustration outside, to destroy other things rather than yourself." Edel stopped for a moment and then shook his head: "I'm not so sure."

PEOPLE: Martha Graham Given \$25,000 Dance Prize

The American Dance Festival has honored modern dance pioneer Martha Graham with a \$25,000 award for lifetime achievement. Former U.S. First Lady Betty Ford, who studied under and later danced for Graham in the 1930s, presented the Samuel H. Scripps American Dance Festival Award to Graham at Duke University in Durham, N.C. Five members of Graham's dance company performed two of her works and part of a third during the black-tie event attended by 1,600 people. The award, the first of what is to be an annual prize, is believed to be the largest ever given to a dance artist. Graham, now 87, retired as a dancer in 1970 but remains active as a choreographer and teacher.

Gene Autry, 73, the former Western movie idol who went on to build a financial empire, has married a 39-year-old former bank vice president, Jacqueline "Ellie" in Burbank, Calif. It was the second marriage for Autry, who was married for 48 years to his former law wife, Mae, who died in May, 1980. Ellie was vice president of Security Pacific National Bank in Cathedral City, Calif. Autry holds majority interests in Golden West Broadcasting Co. and the California Angels baseball club.

A Madrid history professor says Lady Diana Spencer is a direct descendant of Genghis Khan. "It may not be as grand as my colleagues' discovery that Lady Diana has family ties with Hamlet, Roger, but she and her future husband are direct descendants of Genghis Khan," said Juan Velasco, a specialist on European royal bloodlines. He said Lady Diana also counts among her forebears the 11th-century Spanish hero El Cid. A cat-glass bowl will be the United States' official wedding gift to Prince Charles and Lady Diana. A spokeswoman told New York magazine that a bowl that was supposed to cost \$75,000 was sold for \$58,000 as the gift for the couple, who are to wed July 29. "We offer handsome discounts to the government," the spokeswoman said.

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